Interpol moves out of the shadows, Page 2

World news **Business summary** • Israeli Guinness jets bomb withdraws mountain villages

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nountains near Beirut. Two Palestinian and two Druze

service scandal after the Cabinet re-fused his plea for a state inquiry.

Armed police surrounded a British court as a preliminary hearing be gan against Nezar Hindawi, a Jor-danian journalist charged with try-ing to blow up an El Al airliner in London in April.

### Banker resigns

Israel Discount Bank chief Raphael Recanati resigned, ending a three-month battle to keep his job after an inquiry into a shares scandal called on him to step down.

### **Thatcher for Moscow**

British Prime Minister Mrs Margaret Thatcher is to visit Moscow on a date to be arranged, it was announced after she met Soviet For-eign. Minister Eduard Shevard-nadze in London. Page 24

### Down to earth

Soviet cosmonants Leonid Kizim and Viadimir Solovyov will return months in space, Tass newsagency

## US shuttle delay

The mark flight of an American space shuftle has been delayed un-til early 1968, Reagan Administra-tion officials said.

# Portuguese bombs

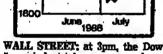
Two people died in an explosioo at a block of flats in Lisbon as a bombing wave by suspected left-wing ter- (Y242.75). The pound's exchange

# **Distillers** board plan Four people were reported dead af-ter Israeli jets bombed Palestinian pases in Druze-held villages in the Risk, the Governor of the Bank of

No. 29,980

Two Palestinian and two Druze fighters were killed according to Druze radio, but Palestinians put ipred, including a five-year-old Leb-misse boy. Page 4 Israeli Attorney General Xosef Harish is to press abead with a po-lice probe of the Shin Bet security error use a scalal after the Cabinet re-tor of the Bank of Scotland, would not become non-ex-ecutive chairman of a new joint board as proposed at the time of its successful hid for Distillers earlier in the year Page 25 J. P. MORGAN, parent of Morgan Guaranty Trust, began the second quarter reporting season for the major US money centre banks by arround a fiter the Cabinet re-tor of the state of the state of the second and the second season for the major US money centre banks by arround a state of the state of the state of the state major US money centre banks by and the second season for the state of the state of the state major US money centre banks by

London 2nd Position Futures 1900 1800



Jones industrial average was down 23.77 at 1,797.66. Page 46 LONDON equities and gilts and the FT Ordinary index ended 27.4 lower

at 1,300.9, Page 46 TOKYO prices rose sharply in heavy trading and the Nikkel stock average closed at a record 17,820.56.

Average closed at a reason of the Page 46 DOLLAR fell in London to DM 2.1795 (DM 2.1880); SFr 1.7790 (SFr 1.788); FFr 7.0100 (FFr 7.0225); and Y160.25 (Y161.35). On Bank of England figures the dollar's index was unchanged at 113.9. Page 30

STERLING fell in London to \$1.4815 (\$1.5050); SFr 2.6350 (SFr 2.6900); FFr 10.3850 (FFr 10.5675); DM 3.2275 (DM 3.2925), and Y237.50 rate index fell 0.5 to 73.4. Page 39

# Wall St, London and £ tumble as oil prices skid

Tuesday July 15 1986

### BY GEORGE GRAHAM AND LUCY KELLAWAY IN LONDON

Austrie Star 70 Metanics, 87 200 Pulgases, Pu. 27 Bargar Bilder Bilder

terday and drove sterling into a tailday. Underlying the fall in prices is spin. The pound fell 0% pfennigs to reach its lowest level against the D-Mark since February, pushing ear-lier hopes of an imminent cut in UK her hopes of an imminent cut in UK interest rates into the background. Gilt-edged UK government secu-rities suffered from sterling's weak-ness, and the mood of despondency spread to the equity market. Lon-don share prices tumbled, their fall accelerated as Wall Street once again organd weakly.

increasing at between 2m and 3m aggerated, since North Sea oil and barrels a day.

accelerated as Wall Street once again opened weakly. The US markets fell back in re-sponse to poor results from IBM. The Dow Jones Industrial average droped below 1,800 for the first time since May as the computer manu-facturer reported second-quarter earnings 7.8 per cent lower than in the corresponding period last year.

pany said yesterday: "There is only one thing that will turn the market round, and that is a proper agree-ment between producers." But he added that the market holds out the corresponding period last year. At the close, the Dow Jones Industrial Average was down 27.98 at The price of North Sea oil fell to little hope that any such agreement will be reached when Opec mem-

its lowest level ever yesterday, with Brent sales for Angust delivery re-ported at \$9 a barrel, 50 cents lower bers reconvene in Geneva at the end of this month.

than on Friday, while cargoes for immediate delivery were sold for as little as \$3.60. Yesterday's movement extended the Nigerian Oil Minister, said over the steady downward drift in prices the weekend that there was a "rea-since Opec failed to agree on indi-sonable" chance that agreement vidual members' quotes two weeks would be reached in Geneva on pro-ago. Since then North Sea prices duction-sharing between the 13 have fallen by over \$2 a barrel, member-countries. The depressed while the price of Dubai Fateh has price of oil would encourage posi-

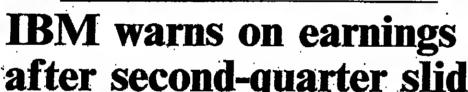
OIL PRICES continued to slide yes- fallen further to touch \$7.40 yester- tive results" from the meeting, he The drop through the psychologithe recent surge in oil production cal barrier of \$10 a barrel has re-by both Opec and non-Opec mem-awakened the financial markets'

by both Opec and non-Opec mem-bers. Opec producers are currently selling up to 10.5bn barrels a day [b/d], nearly 2m b/d more than the [17.6m b/d ceiling agreed by a ma-jority of Opec ministers last month in Brioni, and contributing to a world surplus of oil estimated to be increasing at between an 2m and 2m asperator, since North Sea oil and

per cent of UK national income. Investors appeared to have ac-cepted this message, and sterling remained relatively buoyant – sup-ported by much higher interest rates than other major nations. Even after dropping 2.1 points in the last three trading days, the Bank of England's trade-weighted sterling index still stood at 73.4 yes terday only 0.7 per cent lower than its average in 1985. Oil prices, meanwhile, have fallen by 66 per

Worries have resurfaced, how-ever, over the immediate effect of lower oil prices on the UK's balance of payments. Many analysis now expect the drop in the value of North Sea oil exports to have sent **Continued on Page 24** 

Analysis, Page 15; money mar-Page 39; com Page 38



# after second-quarter slide

### BY ADRIAN DICKS IN NEW YORK

IBM, the world's largest computer The IBM chairman said that busi-group, said yesterday that its sec-ond-quarter earnings had fallen by 7.8 per cent from \$1.41bn to \$1.3bn, erally more positive. 7.8 per cent from \$LAIbn to \$L3bn, erally more positive. despite an increase in sales of "Without an improvement in capi-roughly the same percentage from \$11.43bn to \$12.26bn. will be difficult to show earnings of this year to 25 per cent from 30

1,793.45.

By Tom Burns in Madrid THE BASQUE separatist organisa-tion Eta detonated a car bomb in Madrid yesterday, killing eight members of the Civil Guard police corps and injuring more than 40 people, including several passers-

by. The attack came on the eve of and attack came on the eve of parliament reopening following the general elections last month, and a day after officials revealed that an alleged Eta leader had been deport-ed from France, where he had been serving a prison sentence, and had been confined to Gabon in West

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Eta car

kills 8 in

Madrid

bomb

Africa. The target was a bus carrying young guardsmen belonging to the Civil Guard's traffic school. It was on a routine early morning trip to the city's outskirts where the men are trained.

Police estimated that the bus was hit by 100 pounds of explosives, muts, bolts and bicycle chains which had been stored in a parked van and which was detonated by remote control. A second bus, also carrying guardsmen, narrowly escaped the full impact of the blast, but at least

full impact of the blast, but at least four bystanders, including a road sweeper, were scriously injured. The bombing was a replica of ear-lier attacks by Eta in Madrid. At the end of April, five guardsmen who were returning from overnight duty at embassies were killed by a car bomb, and last September, when the car bomb device was employed by Eta for the first time in Madrid by Eta for the first time in Madrid cutting parliament to accelerate le-20 guardsmeo were injured and a passer-by was killed. gisation. He can only delay laws

The attack appeared to be de-signed to coincide with the start of a week which has a busy pro-gramme of political activities. The new parliament, elected in the June 22 polls, meets today to choose a propher and other officient of the 22 pous, meets today to choose a speaker and other officers of the legislature. Once parliament is for-mally constituted, King Juan Carlos holds consultations with the leaders of political parties aimsd at select-ing a candidate for Prime Minister.

The blast also came on the heels

of a key development promoted by the French Government which re-sulted in the expulsion to Gabon on Saturday of Mr Domingo Hurbe, better known as "Txomin", a man bette be the leader of Eta.

in" Iturbe was arrested

# Mitterrand 'no' to decree on privatisation

### BY DAVID HOUSEGO IN PARIS

tation."

of conscience."

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THE FRENCH Government's privavoted by the National Assembly by tisation programme received a seri-ous setback yesterday when Presi-15 days.

It was felt by political observers yesterday Mr Chirac would not risk dent François Mitterrand an- yesterday Mr Chirac would not risk nounced that he would not sign the a major confrontation. Mr Mitter decree to give it legal effect. Mr Mitterrand chose his tradi-tional Bastille Day broadcast to prorand's popularity is rising in the public opinion polls while that of the prime minister has been slip

voke the first serious clash with the ping. Mr Chirac's evident discomfort in Government of Mr Jacques Chirac, Mr Chirac's evident discomfort in the Prime Minister, since the Mr Mitterrand's tactics was reflect-right's victory in the legislative ed in his refusal to make any com-elections in March ushered in ment on the President's declar-France's first experience in "cobabi-ation. Earlier in the day he bad ation. Earlier in the day he bad stood beside the President in re-Until now Mr Mitterrand has gone no further than verbal re-bukes and challenging some of the viewing French forces marching

down the Champ Elysees. Mr Mitterrand made no mention Prime Minister's appointments. Mr Mitterrand said he would not. yesterday of his earlier threat oot to sign privatisation decrees which included groups nationalised before sign the decree because it provided insufficient guarantees that the 65 nationalised groups to be privatised "would not find themselves tomor-row in the hands of foreigners." He described his refusal as "a question 1981, such as the three main nationalised banks and the three major

insurance groups. Mr Edouard Balladur, the Minis ter of Finance, who is responsible for privatisation, has said that the

The President's decision leaves 15 per cent limit on foreigners' holdthe Government with the choice of ings would be transitory. Once the either pushing the privatisation de-groups had built up their capital re-cree through parliament in the sources and thus were better able shape of a new law or risking an all-to defend themselves against hosout confrootation with Mr Mitter- tile takeover bids from abroad, forrand by resigning so as to provoke fresh legislative elections. Under the French constitution eigners would be able to take larger stakes in them. Such a shift would match the French Government's Mr Mitterrand has the right to re-fuse to sign decrees, which are used growing encouragement to French

companies to make corporate acquiby governments as a way of short- sitions abroad as a way of increas-

**Continued on Page 24** 

# **Craxi snub deepens** crisis for Andreotti

### BY ALAN FRIEDMAN IN MILAN

RESOLUTION of Italy's 18-day-old great frankness that his effort lacks government crisis appeared further completely the indispensable politi-away than ever last night after Mr cal consensus required for it to suc-Ginlio Andreotti, the Christian ceed." Democrat who has been asked to form a new government, was told close aide of Mr Craxi, attacked that the Socialist Party of caretaker "the pretence of the Christian Democrats to determine unilateral-

Prime Minister Bettino Craxi re- Democrats to determine unilateralfused to support his efforts. Mr Cra- ly the timing, nature and form of a xi resigned on June 27 following a new government." The Socialists

rorists hit Portugal.

### New Dutch Cabinet

Dutch Premier Rund Lubbers named a new Christian Democrat-Liberal Cabinet of 14 members which met and announced that its priority would be a cut in unemployment. Page 3

### New Hanoi leader

The Vietnamese Communist Party elected the country's 80-year-old President Truong Chinh as its lead-er to succeed Le Duan, who died last Thursday.

### Sri Lanka toll

Eighteen Tamil guerrillas and six soldiers were killed in fighting in Sri Lanka's north-western Mannar district, a military spokesman said.

### Typhoon kills 90

At least 90 people were killed and more than 700 injured when Typhoon Peggy hit the Chinese main-land on Friday, according to a Hong Kong Chinese newspaper.

### **18 hurt in airliner**

Passengers and flight attendants were tossed about the cabin when an Eastern Airlines jet bound for Miami from New York hit a pocket of turbulence, injuring 18 people.

Suez Canal record

The Suez Canal earned Egypt a re-cord of more than \$1bn in the year ended June 30.

### Greenpeace snub

3

Soviet leader Mikhail Gorbachev met an international panel of scien- ceipts. Page 30 tists seeking a comprehensive test NKDBANK, South African bank, is

GOLD fell \$2.50 to \$345.50 on the London bullion market, It also fell in Zurich to \$345.70 from \$348.10. In New York, the Comex August

settlement was \$346.40. NORWAY, its balance of payments hit by falling oil prices and an over-heated economy, returned to the Eurobond market for the first time

since 1979 with a \$500m fixed-rate issue on terms seen as aggressive by the market. Page 28

BANCTEXAS Group, beleaguered Dallas-based bank holding compa-ny which last month signed a letter of intent to sell its six North Texas banks to Gerald J. Ford's invest-

ment group, said it has reached a further agreement with United Bankers for the sale of its four lossmaking Houston banks. Page 26 SINGER, Connecticut-based aero-

space and marine equipment group, has finalised plans for the spin-off of its sewing and furniture opera-tions and predicted a sharp rise in second-quarter earnings. Page 25

ZANUSSI, leading Italian home ap-pliance maker which is controlled by Electrolux of Sweden, emerged from five years of losses with a L5.2bn (S3.5m) net profit in the first four months of the user compared four months of the year, compared with a L24bn loss in the year ago period. Page 26 DAINIPPON Ink, Japanese group which recently made a bid for Sun Chemical, the biggest US printing

ink producer, may acquire Hart-mann, a West German based printing ink company. Page 26 LAURA ASHLEY: US private investors are to be able to deal in the shares of Laura Ashley, the UK

clothing and fashion fabrics group, through American Depositary Re-

المحاجبين والمستجد محام والمالي المراجبين

ban, but the head of the Green- to write off some of the debts of peace environmental group was ex-cluded from the talks. Tomf Fertilizer in a restructuring of the company, Pare 27 HKS1bn (US\$128m). But he end of December, Dairy Farm had of the company. Page 27 apeared to stop short of a full en- shareholders' funds of some - CONTENTS -

growth in 1986," Mr Akers said.

The decline in IBM's earnings per share, to \$2.12 from \$2.30 in the second quarter of 1965, disappoint-IBM reported firm demand for large processors and storage de-vices, despite the more uncertain ed Wall Street. Analysts had been hoping for earnings to be main-tained in the \$2.30 to \$2.40 range. At 3pm yesterday, IBM shares had fallen \$3 to \$140%. For the first half, IBM earnings fell to \$2.32bn from \$2.4bn, or from

\$3.91 to \$3.77 per share. Sales adv-anced from \$21.2bn to \$22.39bn. Mr John Akers, IBM chairman, said the second quarter results ref-lected "continuation of the business cent on some models, apparently in response to complaints from dealslowdown in the North American ers that their profit margins were economy that began in 1965. Slug-gish capital spending in North Amsuffering because of the increased market share being taken by so-called "clones" - personal compu-ters with many of the characteriserica and uncertainties about US tax reform legislation and transition rules have negatively affected our orders and shipments." tics of IBM equipment and compatible with it.

per cent in the same period of 1985. By contrast NCR, another leading shortly after the April car bomb and was due to be released at the end of last week after serving a short sentence for violating residen-

US computer manufacturer with a strong position in the banking equipment market, yesterday reing from the recent changes in US tax treatment of company outlays on plant and equipment. But Wall Street is more concerned about its personal company here to \$78.8m (80 cents a share) a year cashire

Street is more concerned about its personal computer business. Last week the company an-nounced price cuts of up to 18 per from \$1.03bn, while new orders were also higher, although the com-

pany did not give details. Mr Charles Exley, NCR's chair-man, said that the second quarter results were the fourth suc quarter in which records had been set in profits, sales and new orders.

US share prices, Pages 43-46

# HK Land may sell foods unit

### BY GORDON CRAMB IN LONDON

holders.

HONGKONG LAND, the biggest dorsement of the proposal, describ-property group in the British-ad-ministered territory, yesterday sig-nalled a surprise further step in its executed."

return from near-collapse in 1983 by revealing an outline plan to spin off its large foods division to share-"However, one has to recognize that one is removing from Hongkong Land a considerable amount of cash flow," he added.

At the same time, it announced that Mr David Davies, who as ma-naging director has been widely credited with devising a successful programme of asset disposals, was leaving the company after complet-tion 2000 and 20000 a ing 2% years of a five-year term. Mr Simon Keswick will remain kins network of 137 outlets. as chairman both of Hongkong In addition Dairy Farm makes.

Land and of Jardine Matheson, its milk products and fruit drinks and 

likely that any transfer of Dairy Farm would be effected in such a way as to ensure that Hongkong Land would receive a cash payment approximately equal to Dairy Farm's book value."

Methods included a possible offer for sale at book value, to existing shareholders in Hongkong Land, or a free distribution of most of the shares while selling the remainder in the market at full value.

Mr Davies, who was described by Mr Keswick as having "done an ontstanding job," will continue as a pon-executive director of Jardine Matheson. He will be succeeded at Hongkong Land at the end of August by Mr Nigel Rich, currently finance director.

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 Europe
 2,3
 Currencies
 39

 Companies
 26
 Editorial comment
 22

 America
 4
 Euro-options
 42

 Companies
 25
 Financial Futures
 39

 Companies
 25
 Financial Futures
 39

 Paris: Interpol moves out of Europe: software industry Jordan: \$1bn carrot for the US: counting the cost of 
 World Trade
 5
 Lett.
 23

 Britain
 15, 16, 18
 Management
 9

 Companies
 30, 32-34
 Market Monitors
 46

 Men and Matters
 22

 Market Monitors
 22
 Technology: sweeping the Lex: HK Land; BHP: oil and 

 Agriculture
 38
 Raw Matrixets
 29

 Appointments
 38
 Stock markets
 38

 Arts
 Reviews
 20
 -Wall Street
 43-46

 - World Guide
 29
 -Unidon
 40-43, 46

 Commercial Law
 19
 Technology
 6

 Conserved ites
 38
 Weather
 24

 Management: pros and cons Dominican Republic: Editorial comment: Kuwait; Vans and light trucks:

want Mr Cravi reinst The Socialist position, delivered minister.

to Mr Andreotti by Mr Claudio Mar-telli, deputy party leader, had been pre-announced last Friday. Coming

cy requirements. At the request of the Spanish authorities, he had been confined north of the Loire river, well away from the frontier, which has been a traditional safe which has been a traditional safe Continued on Page 24 with Mr Andreotti: "We listened to his proposal and then told him with

**Continued on Page 24** 

NOUR SALES CURITIES IN THE PARTY OF THE PART

The Peterborough Effect

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# **EUROPEAN NEWS**

# David Marsh profiles an organisation intent on modernising its image and its way of working Interpol takes a step out of the shadows

detective novels, is turning to other people-did FFr 4 new technology and modern FFr 5m worth of damage. working methods to step up its "We have to work to p against interna

organisation, set up in Vienna in 1923 and transferred to shake off the weight of six decades of tradition in more ways than one.

It is preparing for e move in two years' time from its present bunker-like headquarters at Saint Cloud, west of Faris, to a sparkling new building in the south-east metropolis of Lyons.

It is bringing in sophisticated computer and telecommunications equipment to fight cross-border crimes ranging from ter-rorism and narcotics to banking swindles and credit card

In line with the increasing a relative shoestring. Its budget political flurry over terrorism, is around FFr 60m (£8.69m) a the organisation is adopting a year, supporting e staff of 280, studiedly higher profile with of which 60 are police officers governments to convince its from 40 constries.

INTERPOL IS moving out of last week's bombing at an the shadows. The 138 nation annexe of the Paris police head-police organisation known to quarters, killing an inspector the public mainly through and injuring more than 20 and injuring more than 20 other people-did FFr 4m to "We have to work to preach

the gospel," says Mr Raymond Kendall, the binff 52-year-old Special Branch police officer from the UR's Scotland Yard to Paris after the war, is trying who took over last October as Interpol's secretary general. My Kendall says that political efforts to combat terrorism —

given prominence by the European Community and the Tokyo summit — should not lead to summit — should not lead to alternative organisations being set up which could by-pass Interpol. But Interpol's members, he adds, "must be prepared to accept from now on that for properties they expect form

everything they expect from us, they should be prepared to pay for it." Interpol is at present run on

studiedly higher profile with of which 60 are police officers governments to convince its from 40 constries. industrialised country pay. Mir Kendali stresses that masters of the usefulness of Interpol'e role is to provide its role. The organisation is now laboration and communication firmly aware that it is at the between police forces rather front line. The Interpol build- than to get involved in politics. ing topped by radio masts in a quiet residential street was hit lines, terrorism is at most 10 by a bomb blast in May. The per cent of Interpol's work. commando attack by France's Another 20 per cent is violent quiet residential street was nit mes, teriorism is at most 10 The US above all has backed by a bomb blast in May. The per cent of Interpol's work, efforts to strengthen Interpol. commands attack by France's Another 20 per cent is violent The organisation's president Action Directe urban guerrilla crime, drugs tafficking takes 30 since September 1934 has been group-which also carried out per cent and fraud and Mr John Simpson, head of the

John Simpson (left), the US president of Interpol, and Raymond Kendall, from Britain's Special Branch, who is secretary get

economic crimes another 30 per US secret service.

its members. They include not only the industrialised bloc only the industrialised bloc (the US, Britain, France, West Germany, Italy and shortly, Japan, bear the main funding burden with about 5 per cent of the budget each) but also countries as diverse as China, Iran, Libya, Chile and Syria. The US above all has backed



ant. This elegantly tough Bosto-Interpol has been hampered mian has been called upon by in the past hy widely differing the Reagan Administration to legal and police systems among give the organisation a more give the organisation a more "aggressive" function allegedi "aggressive" function allegedi lacking under the French secretaries-general who, before Mr Rendall's arrival, had run A landmark was passed in 1984 when the organisation's

mbly decided that ald intervene in general assembli Interpol could cises of politically motivated crime committed outside the original zone of conflict Previously, Interpol's Article

3, proscribing investigations sections to deal with this type into dossiers with political, mili-tary, religious or racial over-tones, effectively prevented make sure they are not moving make sure they are not moving too much into police areas." involvement in anti-terrorism Added by a special FFr 12m budget to be spent on modernis-ing Interpol's 10-year-old com-puter system, Mr Kendall is at last getting down to the long overdue task of putting the activities.

Mr Simpson says that Interpol this summer has already been involved in several notifications involved in several notifications of terrorist activity, such as the warnings given in May over bombs suspected on Cross Channel ferries. "We are doing a decent job — we will con-tinue and get better," he says. As an indication of how Inter-pol can maintain police co-omeration with countries with to computer tape.

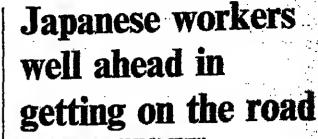
operation with countries with which the West's political ties are strained. Mr Kendall says that Libya gave a "satisfactory response" to questions about the terrorist attacks on the Rome half, he says. UD and Vienna airports earlier this year. He plans to visit Libya later this year, following up a long-standing invitation, to see how interpol's contacts with the Lihyan police can be developed. He says: "I do not anticipate any problems."

increasing part An of Interpol's work focuses on forg-ing contacts with banks and professional organisations which may be victims or unwitting eccomplices in fraud, launder-ing of crime-derived funds and counterfeiting of currency.

police cannot deal with all these matters themselves," says Mr Kendall. "So banking institu-tions or credit card organisa-tions are creating special bushes, electronic protection devices and, under a promise already made to the mayor of Lyons, ments.

YODS,

extra police reinfo



Financial Times Tuesday July 15 1996

BY WILLIAM DURLIFORCE IN GENEVA

A SOUTH KOREAN worker in needs only 17 iminutes com a car factory has to work nearly pared with 58 minutes for the a car factory has to work nearly four times as long as his US Australian and 2 hours 34 minutes for the Argentine counterpart and almost twice as long as a British car worker to has to put in two hours 21 minutes for his meat ratio earn enough to buy a car.

HTT HIMMEST

organisation's central records on As far as private transport goes, however, the Jepanese car By the time the process is completed. Interpol's file of 2m people suspected or convicted of involvement in international crime will have been reduced by goes, nowever, the Jepanese can worker is the best off. He has to put in only 562 hours to be able to afford a car, compared with 769 hours for his US col-league, 1,880 hours for a Briton, 1,740 hours for an Italian and 1,910 hours for a Frenchman.

All the new equipment being introduced at interpol-including word processors to speed up writing Wanted notices in Arabic, English, French and Spanish—will be transferred to The "car" in question in each case is the one most likely to be bought by a metalworker in his country. These comparisons are

tained in the latest annual sur-vey of the purchasing power of Even though the futuristic new building exists as yet only as an architect's model, Mr Kendall hopes construction can its members' working time pub-lished by the International Metalworkers' Federation (IMF) be accelerated, allowing the which represents 15m workers in 70 countries. The DAF tries to measure how

nove to be completed by July 1988. The FFr 130m had-quarters (land is being pro-vided free by the Lyons city council), containing extrangelong workers in different coun-tries and different industries antly large windows, might appear a shattering target for have to work to earn enough to buy various commodities such as food, household goods and terrorists. But the building will be surrounded by a most, thorn

CAIS It finds that the purchasing It finds that the purchasing power of its Jepanese members is broadly equivalent to those in Europe although both fall short of North American workers' purchasing power. Some findings conflict with common assumptions. Thus, it is not the Australian or Australia is not the Australian or Argen-tine mechanical engineering

minutes in Belgium and 4 hours in France. The Briton gets away with 20 hours for his overcast and the West German with 18 hours 15 worker who works the shortest time for a kilogram of mediumquality beef. The US worker

Their Japanese counterp

against one hour 48 minutes

hour 14 minutes for the West

Nor, as might be supposed are the Japanese better of with fish. In the mechanical

engineering industry a kiloguar

of fish costs a Japanese two hours 57 minutes in weig-ing time spainst one hour two

minutes for the Briton, '97 minutes for the West German

minutes for the west German and 271 minutes for the UE worker. The Dane does best

worker. The baren minutes for his kilo. The IMF finds that the per South Korean on

The IMF finds that the any between South Korean and other Asian industrialized countries has widened over the past year. In the electrical industry, a Korean has to work 337 hours to afford a refrigerator compact with 176 needed by the Singaporean and 130 by the Japanese. The newly industrialized countries in Asia have country up with Europe in many areas. An electrical industry worker in Hong Kong needs 23 hours

in Hong Kong needs 23 hours 15 minutes to buy an overeda

compared with 36 hours 18 minutes in Italy, 33 hours 36

for the Frenchman mit o

German.

worker.

fish.

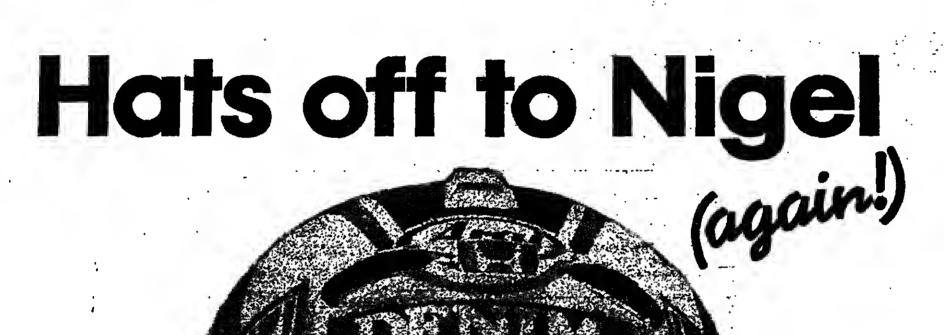
# Help for small business promised by Commission

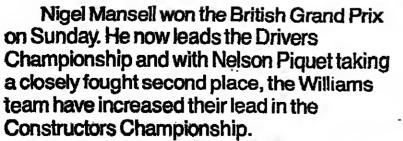
### BY WILLIAM DAWKINS

THE EUROPEAN Commission Ecu 5m in next year's badget, has put forward two measures thereby according it full official has put forward two measures to help small businesses raise venture capital internationally and to attract risk equity to commercialise the fruits of EEC research projects,

Mr Abei Matutes, commissioner responsible for small business, has promised inbusiness, has promised in-business, has promised in-creased and more secure fund-ing for the experimental Ven-sture Consort scheme, Set up 18 restricted damente, markets, months ago, the scheme pro-vides grants of up to Ecu 300,000 (£192,000), for risk refund half of their profits, but investments handled by men-bars of the European Venture Capital Association (EVCA) on offition that the total back-ing come from more than out the recently amounted Sum-country in the Community.

support. The scheme has channelled Ecu 2.5m into 15 syndicated venture capital deals so far, its is held up as a model of Euro. pean attempts to help small businesses overcome market barriers within the Community





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Jul in land

Venture Consort, which limits s. rather the Venture Consort, which limits' groups, rather than re its aid to 30 per cent of indi-it to commercial br vidual equity investments, has originally proposed. I so far received Ecu 3.5m due to come into s7 (£2.1m) informally from the year, will provide a 50 Commission department backing guarantee up to a c the scheme. Mr Matutes said tofal of Ecu 150m fon during a meeting with Mr Neil ments in projects e Cross, EVCA's chairman, that from Community techni the scheme would be allocated search programmes. <u>BLANCPAIN</u> Watches / Switzerland HOROLOGISTS 16 New Bond Street, Mayfair, London W1Y 9PF Tel: 01-493-5916 and at 22 Royal Exchange, EC3V 3LP Tel: 01-626-7321



# **EUROPEAN NEWS**

Refugees

# Romania close to accord with banks on deferring debt

### BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

it to defer some \$880m in debt repayments falling due this year

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with very low reserves and not done so it would have been bankers aay its available foreign able to build np reserves to the scheduled and has been tem-porarily stretching out some other payments due this year. At a meeting in London with Romanian officials last week the bankers said they came close to an agreement to defer the involve \$350m due this year and \$530m due this the two aides have yet to settle the final maturity and interest margin that will be applied to the debt. Romania is currently paying a margin of 13 per cent Though it involves an adjust-ment to an existing rescbednl-ing agreement, Romania'a de-ferment recursed and the serves in the the two aides they came the final maturity and interest the final mat

ing agreement, Romania'a de-ferment request is not regarded

ROMANIA IS close to an agree- cessively by two bad winters ment with its main commercial and a drought, as well as by bank creditors that will allow delayed payments from its own creditors in the Middle East.

repayments falling due this year and next. The payments affected are part of the principal re-scheduled by the banks in 1982 and 1983 and which is now fall-ing due. Romania. with total bankers it cannot afford to make them because it preservices have. Yet is still expects to run a substactial \$1.2bn current account balance of payments surplus this year — enough for it too meet other regularly ments — and bas managed to reduce its total foreign debt to \$6.6bn at the end of last year reduce its total foreign debt to \$6.6bn at the end of last year from \$10.1bn at the end of 1981.

bankers it cannot afford to make them because its resources have been squeezed by a heavy debt repayment programme and because of a foreign exchange shortage caused in part by the impact of tha Chernobyl trade. Romania tradirionally operates with very low reserves and bankers ay its available foreign exchange bas sunk to around point where it did not face

payments due to bank creditors has none the less delayed its full return to international ferment request is not regarded has none the less unayed its as particularly problematical, full return to international Besides the loss of agricultural creditworthiness after the coun-sales to the West because of try last year obtained a \$150m the Chernobyl disaster, the credit on a voluntary basis from country bas been squeezed suc-

# Kremlin gives Nixon lukewarm reception

### BY ALISON SMALE IN MOSCOW

FORMER PRESIDENT Richard market before word came that he Nixon, who is in Moscow on what is will see Mr Dobrynin soon after the described as a private, fact-finding latter returns from Hanoi tomorrow visit, has found his reception from morning.

visit, has found his reception from the Kremlin a little cooler than on his last trip for a summit with Mr Leonid Brezhnev in June 1974. Then, although disgraced at forced his resignation only six weeks later Mr Nixon was feted in the Kremlin and taken to the exclu-sive Black Sea resort of Yalta. Now, with his reputation in the

Vietnam. The death last week of Vietna-mese leader Le Duan took Mr Anat-one of a group meeting with Mr oly Dobrynin, who arranged Mr Gorbachev yesterday said that the Nixon's trip, to Hanoi for the funer-Soviet leader was under "great al - and left Mr Nixon waiting for former Washington ambassador former Washington ambassador kreamin's top foreign policy advis-who is a professor at Princeton Units who is a professor at Princeton Units who is a professor at Princeton Units versive, indicated that the pressure

Games with the words, "Tve won Mr Voo Hippel was one of a and lost a few myself." group of scientists who presented On Monday, Mr Nixon was hand- Mr Gorbachev with an appeal to NOTICE OF REDEMPTION

### To the Holders of

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### 12%% Subordinated Bonds due 1992

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Trust Deed dated January 31, 1985, \$1,000,000 principal amount of the above described Bonds has been selected for re-demption nn August 15, 1966 at a redemption price of 101% of the principal amount thereof, together with accrued interest to said date, as follows:

BONDSO	)FUS. 85,	000 EACH	

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On August 15, 1986, the Bonds designated above will become due and payable as aforesaid in such chin or currency of the United States of America as at the time of payment shall be legal tender for public and private delta. The said Bonds will be paid, upon presentation and surrender thereof with coupons due January 31, 1987 and subsequent attached, at the option of the holders subject in applicable laws and regulations, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt (Main For London, or Krediethank S.A. Luxembourgeoise in Luxembourg, or Swiss Bank Corporation in Basle. Payments at the offices referred to above will be made by a check drawn on, or by a transfer to, a United States dollar account maintained by the payee with a bank in New York City. Any payment made by transfer to an account maintained hy the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payees who are not recognized as exempt recipients fail to provide the paying agent with an executed IRS Furm W-B, certifying under penalties of perjury that the payee's taxpayer identification number or social security number, as appropriate to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of 350. Please therefore provide the appropriate certification when presenting your securities for payment. On and after August 15, 1980 interest shall cease to accrue on the Boods herein designated for redemption. On August 15, 1986, the Bunds designated above will become due and payable as aforesaid in

Dated: July 15, 1986

WESTPAC BANKING CORPORATION

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WITHOUT US-BE SUGH SHARP OPERATORS

> Hospitals, like other organisations, depend on unfaltering support services. In this way, the medical staff can concentrate exclusively on what they have been trained for: caring for the sick.

efficiently, BET supports its commercial, industrial and public sector customers around the world. Its tightly knit group of strategically related businesses all aim to provide the highest standards of service.

These crucial support services in a great Evidence of the success of its policies is many hospitals around the United States reflected in the company's performance

Lubbers cabinet faces struggle over the budget BY LAURA RAUN IN THE HAGUE

BY LAURA RAUN IN THE HAGUE MR RUUD LUBBERS, the Dutch Prime Minister, and his new cabinet sworn in yesterday face a battle against bigh, an-employment and a growing budget deficit. The Prime Minister told a lively news-continerce yester-day that the heathy connony could overshadow the urgent need for budgetary discipline and that partisan politics could split the government. The L4-member cabinet beld its first meeting yesterday to consider the 1987 budget, which will be unveiled officially in September. The budget deficit will be allowed to rise only

# AMERIGAN HOSPITALS WOULDN'T

from Third World worry Bonn ALMOST 600 Third World refugees seeking political asyhum arrived in West Berlin over the weekend. Per-

turbed West German authorities said yesterday that up to 100,000 asylum seekers might arrive in the country this year, AP reports. In Bonn, Mr Friedheim Ost, chief government spokesman, said rela-

tions with East Germany would be "seriously impaired" unless that nation acted to stop refugees from entering West Germany through East Berlin

West German Interior Ministry West German Interior Ministry spokesmann Mr Michael-Andreas Butz claimed yesterday that the East German airline Interflug was running advertisements in Ghana offering "comfortable" flights to East Berlin. Mr Butz said the advertisements

waranteed transit to West Berlin. West Germany's asymm problem is aggravated by Berlin'a legal sta-tus. West Berlin officials are unable to turn back refugees because East Berlin is not deemed to be foreign

territory by western governments. Among the 588 refugees who ar-rived in West Berlin last weekend were 275 Iranians, 160 Lebanese and 80 Indians, the Social Affairs Ministry said.

Now, with his reputation in the US apparently improving, Mr Nix-on has found his Moscow visit dis-turbed by an old trouble - eveots in Vietnam

ed "God bless America" on the a year old on August 6, bas weak-Steinway piano and consoled at ened their strategic positioo against tending losers from the Goodwill the Americans.

and lost a few myse ing out autographs at a Moscow continue his moratorium

5.

September. The budget deficit will be allowed to rise only about balf a percentage point to 8 per cent of net national income next year and then must fall in yearly steps to 5.25 per cent by 1990. The centrist Christian Demo-crats and right of ceotre Liberals. The centrist Christian Demo-crats and right of ceotre Liberals set of economic and social a set of economic and social policies for the next four years. tion of past policies. That followed two months of pain-staking and wide-ranging nego-tiations after Mr Lubbers' ment Aid, Mr Piet Bukman.

# Foreign banks angry at new squeeze by Lisbon

BY DIANA SMITH IN LISBON

Danks. The sudden change in mini-mum capital requirement, which makes Portugal'a tiny market more expensive than Spain's large diversified one, is the third Finance Ministry the third Finance Ministry squeeze on new banks in less 12rtanil

FINANCIAL TIMES

BY DIANA SMITH IN LISBONFOREIGN BANKS which<br/>opeced in Lisbon after the<br/>liberalisation of banking in<br/>1984 are re-examining their<br/>investment closely in the light<br/>investment closely in the light<br/>interest current accounts pay-<br/>ing between 7 and 20 per cent<br/>have been open for less than a<br/>month, the minister of<br/>Finance, to increase to Es 2.5bn<br/>(£11m) the minimum capital<br/>requirement, a rise of 36 per<br/>cent.In June, when two new<br/>privately-owned Portuguese<br/>tommercial banks of per<br/>cent on current accounts. Its<br/>reason was that the market<br/>must not be "agitated."Banks have a year to pay and<br/>are complaining angrilymonth, the minister or<br/>to have been open for less than a<br/>month, the minister or<br/>to market to mark the market<br/>to accure the banks' starting<br/>price was "erosion by infla-<br/>tions. Less publicly, the Minis<br/>try admits to a desire to protect<br/>unprofitable nationalised banks<br/>from a competitive onslaught<br/>by flexible new banks or<br/>provinately-owned Portuguese<br/>banks.The sudden change in mini-<br/>minim capital requirement,<br/>a requirement,The sudden change in mini-<br/>mum capital requirement,Portuguese<br/>the minority Govern-

measure, foreign banks are ask-ing when the minority Govern-ment of Prof Anibal Cavaco Silva will give free rein to market forces to which it swore

allegiance when coming power late in 1985.

# Norway floats \$400m loan

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/ Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London, Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. Guioletistrasee 54, 6000 Frankfurt am Main 1. C The Financial Times Ltd, 1988.

FINANCIAL TIMES, USPS No. Joseph and State changes in FINANCIAL TIMES. 14 East 60th Street, New York, N.Y. 19922.

By Fay Gjester in Oslo THE NORWEGIAN state bas floated its first foreign loan for six years—a \$400m issue. A. central bank official said "very good terms" had been ob-tained. The loan is the first of.

several Norway is expected to raise on the international markets this year, under a NKr 7bn Kets this year, under a NKr von (f613m) "authorisation granted recently by parliament. Mr John Tvedt, of the Bank. of Norway, said Norway had "plenty of lightity," with foreign currency reserves at around NKr 70bn, but it would need the Sunda later of the

need the funds later, is the effects of low world oil prices began to make themselves felt.

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of America, as well as across Europe, are provided by BET companies.

To some of them Initial supplies hermetically sealed, sterile surgical packs containing gowns, gloves, masks and other items for operating

theatres.

and in its recent series of carefully chosen acquisitions - all on agreed terms in line with its stated strategy.

BET's latest successful bid was an agreed offer for Shorrock plc, a world leader in the design and installation of sophisti-



publications for news of the latest our United Transport tankers. Services to hospitals are only a few of the ways in which, unobtrusively and

HEALTHY SERVICES

In other hospitals we provide total management of all the linen, ensuring efficient use and reducing wastage and losses. With the University of California Rediffusion is helping to create a computer based training scheme for anaesthetists. And many members of the medical profession depend on Argus medical

advances in their fields.

cated security systems. The offer has now become unconditional and Shorrock shareholders are welcome to use BET's toll-free shareholder and employee information line - 0800 289 629 - for any queries.

Meanwhile, if you spot a patient in an American hospital drinking orange juice it was probably brought there by one of

# **OVERSEAS NEWS**

# S Africa strike call brings mixed response

measures.

now compulsory for enrolment. The mid-year school bolidays,

which started last month, were extended by two weeks to give

and are reluctant te enforce the indentification system.

emergency laws, Reuter reports from Jehannesburg. The broad-

cast indicated Pretoria is not

ready to bow to their demands.

The commentary, which re-flects Pretoria's views, said emergency rule had been im-posed and radical union leaders detained because ending "organised political violence...

is the most compelling task with

It referred to white husiness leaders who issued a joint state-ment with Cosatu last week, de-

ploring emergency laws imposed

The FSPU's decision followed

last month.

last week.

envisages.

Australian oil workers call

off strike in two states

### By Bernard Simon in Johannesbury

BLACK WORKERS in South fication documents which are Africa responded patchily yesterday to trade union calls for e day of industrial action in protest against the month-old state of emergency,

Attendance at the country's 7.000 black schools was also uneven as they re-opened after a prolonged mid-y-amid tight security. mid-year break

The work stoppage and dis-ruptive ection called by the Council of South African Trade Uinons (Cosatu), the country's largest black union grouping, appeared to be most effective in the eastern Cape and at factories in other places where Cosatu-affiliated unions have strong representation.

General Motors closed its plant in Port Elizabeth at mid-morning after about 2,000 workers walked off their jobs. South African state radio yesterday criticised employers who have urged the release of union leaders detained under Similar action was reported by several other companies. On the ether hand, many em-

ployers in the Johannesburg area reported uninterrupted operations with near full

The authorities made one The automness made one concession to Cosatu by releas-ing the group's president, Mr Elijah Barayi, last Friday after two weeks in detention. The Government has imposed a number of restrictions on Mr Barayi's ectivities.

which South Africa is now faced." The reopening of black chools was accompanied by schools strict new rules en discipline. There was confusion in some schools, hewever, when the autherities failed to issue identi-

OIL workers in two Australian

serious fuel shortages. The workers accepted a pay and retirement deal, union officials told Renter in Sydney.

South Australia.

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# Currency reserves top India's forecast By K. K. Sharma in New Delhi AGAINST ALL expectations

Attain's foreign exchange reserves rose by Rs 5.7bn (£200m) in fiscal 1985-86 despite a record trade gap of an estimated Rs 75bn.

the euthorities time to organise stricter security and disciplinary No clear pattern was apparent While in school attendance. While many pupils returned to achools end of the fiscal year. yesterday in the Pretoria area,

yesterday in the Freioria area, turnout was low in many town-ships on the Witwatersrand, including Soweto, Johannes-burg's black township. School heads and teachers have expressed reservations at the new measures, which in rise but sources say this at least party reflects the fall in the world prices of crude. India made a number of spot deals this year fer part of the roughly the new measures, which in-clude security fences and guards. They say they were not consulted by the authorities 15m tonnes of crude and petroleum products imported each year to take advantage of

a massive rise in remittances by non-resident Indians. The Government has recently drawn

The improved reserves posi-tion has considerably eased the

last year. One of the main results of the improved reserves position is that the Government has been able to resist pressures to place restrictions on imports of capital goods and components which have been liberalised in recent years to enable Indian industry

states yesterday called off e talks conducted by the Arbitra-strike which had brought tion Commission, Australia's central wage-fixing body. means that India bas a cushion of some seven months worth of In Sydney, the country's most populous city, strict rationing was in force and half the petrol stations were without fuel.

But 600 workers in New Petrol rationing in Victorie, South Wales, the third state hit where the strike began 11 days by the strike, will not vote on ago, could end tomorrow. the deal until tomorrow, the The strike by oilmen, who Federated Storemen and control petrol distribution out-Packers Union (FSPU) said, lets, added to the country's However, the union edded that general economic gloom and the workers were expected to helped drive the Australian follow the lead of Victoria and dollar down to record levels South Australia.

The reserves at tha end of March increased to Rs 83.84hn compared to Rs 68.16bn at the end of March 1985, and the bulk of the rise came towards the Finance Ministry officials are

still analysing the reasons for this dramatic and unexpected

the easy market conditions for oiL Other reasons are said to be

up a number of incentive achemes, including a high rate of interest on convertible bank deposits to attract remittances This bas attracted substantial bank deposits, with the inflow increasing in the past few months because of the relatively low level of interest rates in world money markets.

pressure on the halance of payments and gives India's policy-makers some breething space to Fatan, the mainstream rise faction whose chairman is Mr Yassir Arafat. These offices were responsible for liaising with some one million Palestinians living in the tackle the record trade gap. The trade deficit is mainly due to a 10 per cent fall in exports and a 17 per cent rise in imports

to modernise

imports in foreign exchange. This is considered a comfortable margin and will enable India easily to meet such debt repayments of the \$4.2bn loan taken five years ago from the Inter-national Monetary Fund,

The comfortable reserves position is also expected to fur-ther improve India's credit-worthiness at a time when it

BY NORAH BOUSTANY IN AINAB, LEBANON ISRAELI fighter planes struck at a hill yesterday knocking out two guerrilla bases, killing one guerrilla and wounding 12 other people in the mountains south east of Beirut.

It was the closest Israeli raid to Beirut this year and the second since the Israeli invasion in 1982. The Israelis scored direct hits on two buildings bousing the Popular Front for the Liberation of Palestine (DFLP) on a hillside over-looking the Druze-held villages of Ainab, Chemian and Barrow, show 15 km

and Baysour about 15 km from the capital. • The hills provide access from the Syrias-controlled Beksa Valley to the coastal highway to southern Lebanon. The air strike came four

the Palestinian problem.

Fatah, the mainstream PLO

days after Israel raided three Syrian-backed guerrilla tar-gets in the Palestinian refugee camp of Ain al Helweb, in retailation for a sen-borne operation hours earlier near israel's northern border.

**Israel bombs Palestinian bases** 

Mr Mandouh Nawfal, a Mr Mamdouh Nawial, a Polithuro member of the DFLP, surveying the debris at Dhear Ainab, said the Israelis had dropped "1,000-pound vacuum bombs and rockets" in four different swoops over the guerrilla positions. Nervous guerrillas motioned

journalists to leave the sites as the hum of Israeli planes returned, drawing anti-sir-craft fire from joint Pales-tinian-Druze ground defences. "We were expecting this raid since the Nahariya

operation," Mr Nawfal said. "This has been the real response. The Israeli leadership also wanted to show through this attack that it is a determining factor on the Lebrese scene and that it would not allow any security arrangements to succeed unless they serve its in-

A yellow bulldszer lifted hage stone blocks from a collapsed mountain collapsed mountain house used by the DFLP. Fires crackled in the nearby woods and the smell of burning pine and the smell of burning pine cones filled the air. Guerrillas still inshock from the 20-minute raid, in which eeight Israeli jets were used, said one of their comrades was missing and could be trapped under the rubble. A 17-year-old Palestinian

fighter, who gave his name as Abu Nabil was still visibly shocked as he stoed mursin snorm as no store mining a bleeding mouth and neck, his bead wrapped in blood-stained gauge. He said fellow fighters had been given strict orders to spread out in the bushes since the commando operation mounted by PELP operation incuntors by Frin guerrillas and a member of the pro-Syrian National Syrian National Syrian Social Party against Israeli Soldiers

THURSDAY THE TON

A DFLP spokesman said he expected more Israeli activity against guerrilla bases in the Druze controlled Chouf Mountains, aimed at unour mountains, aimen al "cleansing the mountains of any Falestinian presence and driving us back behind Syrian lines in the Bokas " in central Vebrat

continued administration

tation programme.

statebood

if this persisted, it would be virtually impossible to mount the proposed economic rehabili-

from PLO fections has made them reluctant to do so.

over in Vietnam Truong Chinh, widely regarded as one of the most hamiline and militant of Vietnam's leaders, was elected yesterday as was elected yesterday as General Secretary of the country's ruling Communist Party, agencies report from Bangkok. He succeeded Le Duan, who died last week.

takes

Hardliner

Truong climbed slowly back into favour after falling from into favour after falling from power in the 1950s because of his ruthless land reform pro-gramme. However, Western diplomats said yesterday that because Truong is 79—the same age as the man he succeeded— he is likely to be a transitional leader, holding the post only until the next party congress in November.

More Gujarat riots

Indian Prime Minister Refiv Gandhi yesterday sent Mir P. Chidambaran, Minister for Internal Security, to the western state of Gujarat as violence continued for a night successive day, writes K. K. Sharma from New Deihl, More Sharma from New Dein. More cases of stabbing and rioting were reported in Ahmedahad, centre of the state's tardile industry, and other towns in Gujarat, with the death toll rising to nearly sixty in violence between Hinduss and Molence between Hindus and Moslems. The army has been put on alert.

## In March Mr Zaffer al Masri,

party yesterday rejected a Government-proposed plain to end the island's communal con-flict as fighting between security forces and Tamil separatists took 24 lives in the Northward writes Between the Northwest, writes Renter from Colombo. The decision by the Freedom Party came as Presgreater autonomy to Palestinians in the occupied

Suez earnings rise

Jordanian officials insist that

Jordan has been pressing prominent Arabs on the West Bank to assume municipal responsibilities, but intimidetion Tamil peace setback newly appointed Mayor of the West Bank Arab town of Nablus was killed on the grounds that, by accepting the appointment, he was collaboration Sri Lanka's main opposition was collaborating with the Jordan indicated earlier this year that it was prepared to allow Israel to name Arab mayors for West Bank towns as part of Israel's plan to give

dent Junius Jayawardene pre-pared for a second round of discussions with moderate Tamil politicians. territories. The autonomy plan was denounced by PLO officials as an unacceptable alternative to their calls for Palestinian

Jordanian officials insist that the development plans are motivated purely by humani-tarian considerations. "They Suez Canal has for the first time earned Egypt more than \$10n, according to Mr Ernst Adel, the canal anthority's chairman. He said in an inter-view in the Cairo newspaper Al-Akhbar quoted by Revier the development needs of the occupied territories. They are completely detached from parochial political considers.

King Hussein-wants Palestinians to stay on their land

include the second seco Mr Arafat as an unreliable partner in the search fer a Middle East peace settlement. Jordanian officials say the Bank, which it administered from 1948 until 1967. The development plan is also seen an as attempt by King Hussein to win support among West Bank Palestinians and wean them away from Mr plan to provide financial help to the badly depressed West Bank, which has been under Arafet. Another-perhaps the most important-reason for the Israeli occupation since the sizday war of 1967, was being formulated well before the estrangement between King Hussein and Mr Arafat. Jordanian plan is to prevent West Bank Palestians, deprived of work and opportunities, drift-ing to Jordan, and contributing Western officials in Amman say, however, that the release of to social, political and economic problems there. About 750,000 West Bank

details of the plan in the past weeks is aimed at demonstrating The contortance reserves weeks is almeet at genonstrating About 750,000 west Bank governments, the US and the position is also expected to fur-ther improve India's credit-occupied territories that des Jordanian passorts. If there One serious problem facing plans to increase its borrowings. PLO relations, Jordan wishes to West Bank, either under funds in the West Bank is the

**AMERICAN NEWS** 

# Jordan offers West Bank aid pressure from Israel or because JORDAN IS proposing \$1bn in of economic deprivation, the Arab tawns by Israeli military implications would be alarming officers. Mr Kanaan said that, economic assistance to the Israeli-occupied West Bank in a for Jordan, whose population of abut 2.5m is 60 per cent Palestinian. move seen in Amman as a "carrot and stick approach" to the Palestinian problem. The five-year economic de-velopment plan for Palestinians on the West Bank emerges at a time of serious tension between Jordan and the leader of the Palestine Liberation Organisation (PLO) since the closure of offices operated in Amman and other centres by

Tony Walker reports from Amman on reasons behind new proposals

King Hussein said repeatedly at a weekend press conference that one aim of the West Bank economic development plan was to encourage Palestinians to re-main on their land despite the difficulties of lifa under

occupation. Mr Taher Kanaan Jordan's Mr Taner Kanaan, Jorgan's Minister of Planning, said in an interview that since 1967 there had been "almost continuous pressure" on West Bank Palestinians to emigrate, There had been virtually no growth in employment computing in Israelic nitles in

The situation, Mr Kanaan said, was now much more serious in the occupied terri-tories because the deep tories becausa the deep economic recession in the Gulf was curtailing remittances from Palestinian workers. Arab aid to the West Bank through e fund established by the 1979 Baghdad Arab Leegue summit

had dried up.

employment opportuni the occupied territories

He said Jordan hoped to spend some \$1.8bn to belp housing, public works and education projects on the West Bank. It would solicit money from various sources, including Arab governments, the US and the

fulfil its obligations to the West

# **Reagan and Congress tackle crowded political agenda**

### BY STEWART FLEMING IN WASHINGTON

THE US CONGRESS returned to work yesterday on a host tray themselves as the defenders of issues which will test Presi- of middle class tax allowances. dent Ronald Reagan and his But Mr Reagan has indicated Republican Party allies ahesd of Nevember's mid-term Congressional elections.

The White House believes that President Ronald Reagan can use the radical reform of the US tax system to bolster his own continuing popularity and help the Republicans retain centrol of the Senate.

The hsttle for political advantage on the tax reform issue will open later this week when a conference of the House and Senate will begin to hammer out a compromise version of the two bills which have passed the House and the Senate.

US considers

black as envoy

Democraty are trying to porhe will find if more diminif to defend his political priorities in other areas. His position is undermined by the failure of the US economy to emerge from two years of sluggish growth. Any continuation of Wall Streets charp decline would forus that he, too, will support some of the pepular individual tax breaks in the Democrats' House version of the tax bill even if this means offending traditional Republican business constituen-

sharp decline would focus attention on economic weakcies. Mr James Baker, the Treasury Secretary, said over ness. The The economic background could make it harder for the President to fight off pressures in Congress for deeper cuts in defence spending as part of the weekend that business is likely to cnd up with a bigger extra tax burden than the \$100bn (f66.5bn) over five years which the Senate bill

efforts to contain the federal budget deficit. By striking down earlier this But if Mr Reagan hopes to command the tax reform month the entomatic spending Defence debate, halped by his shrewd decision after the 1984 pressi-dential election to make tax haw, the Supreme Court has savings.

reform a top domestic priority, thrown back to Capitol Hill the In the budget resolution lation. The Administration is he will find it more difficult to responsibility for agreeing a which has already been resisting these pressures which

Sluggish growth means that achieving this target will be more difficult. It is widely assumed that the \$11.7bn of cuts for 1986 already made under the now unconstitutional

under the now unconstitutional deficit reduction procedure will now be ratified by Con-gress through the normal legislative mechanisms. But on August 15, just as Congress is due to go on boliday, official projections may show that a second round of cuts is needed. Defence will be an area to which many on Capitol Hill are likely to turn in search of more be trimmed back significantly. The weakness of the US economy, which is increasingly being blamed by politicians here on the failure of America's

industrial country trading part-ners to grow faster, seems likely Senator to intensify pressures on Capitol lican likely to turn in search of more Hill for the passage of essen-tially protectionist trade legis-

thrown back to Capitol Hill the In the budget resolution lation. The Administration is resisting these pressures which is being asked in Washington is how congress can find the time to have coming from both Repub-law establishes. Suggiah growth means that achieving this target will be more difficult. It is widely assumed that the \$11.7bn of cuts for 1986 already made under the preliminary indications that wen Congressional committees with its trading partners on the state of the prevent the softic issues will be sufficient to prevent its political enemies is on e tax reform bill by early making trade e potent political enemies. with its trading partners on specific issues will be sufficient to prevent its political enemies making trade e potent political get down to working on detailed spending decisions White House September. Then, if Congress is to reach its goal of going into recess early in October to cam-paign for the November elec-tions, it will either have to rece priorities such as the Strategic Defence Initiative are likely to issue at least at the regional and local level at which Congresand local level at which constant sional elections are feught. Mr Reagan is also facing an tions, it will either have to rece incipient revolt on Capitol Hill to complete work on hite 1987 incipient revolt on Capitol Hill to complete work on hite 1987 budget and address the trade

incipient revoit on Capitol Hill to the Administration's policy of "constructive engagement" in South Africa. Significantly Senator Robert Dole, the Repub-lican Senate majority leader, last week questioned the Administration's stance. issue in just e few weeks. Other wise a "lame duck" session of Congress after the November elections could find itself having to make some potentially far reaching decisions.

# Violence prompts protests in Brazil

By Ivo Dawnay in Rio de Janetra

PUBLAC protests are growing in Brazil at the rising tide of urban violence and the ap-parent lack of power of pol-tichans to tackle the issue, now universally regarded as at crisis levels.

day in Rio de Janeiro, revealed A survey, published yester-that more than 38 per cent of the 500 citizens interviewed had been victims of some kind of assault. Over 60 per cent of respondents—taken from a cross-section of all classes and backgrounds—claimed that a chose relativa had suffered an close i attack.

session of

attack. Reports of robberies, some-times of whole buses of com-mutors, or the systematic pil-laging of apartment hlocks are often ignored by the press as inconsequential. Homicides in Rie are more frequent than traffic fatalities, though the police refuse to release full data.

data. Confiscated firearms in police stores now number some 150,000 and range from the latest Israell submachine-guns to 19th century fintlocks. Their number is rising by some 300 a month. Last month e shanty dweller who alleged police harrassment and appealed for protection from the anthorities, was shot dead—his family claim by the policeman against whom he

policeman against whom he intended to testify. In See Paulo last week, clashes between police and striking crop pickers

In the rural areas, fighting provoked by the land reform issue bas run up a death toll in the hundreds over the past

in the hundreds over the past twe years. This rise in violence has sparked claim and counter claim between politicians and parties as the country gears up for the November federal and state elections. The farcest clashes have taken place between Mr Paulo Brossard, the Justice Minister, and Mr Lionel Brisals, the Governor of Ria de Janeiro. the Governor of Rio de Janeiro state and the government's most

state and the government's most prominent opponent. Mr Brossard last month accused the governor of failing to tackle the crime problem, adding that Rio anflored more violence than all the incidents arising from land reform taken together Mr Bringle has a partily

together. Mr Brizola has angrily refuted the claim, but last week he replaced his police chief and appeared ready to introduce new measures to tackle crime.

# **Robert Graham** considers Gen Pinochet's determination to clock up a quarter century in office Chile's leader defies rising tide of protest

to S. Africa THE REAGAN Administration is considering appointing a hlack businessman as the next US ambassader to South Africa, e government official confirmed yesterday, AP reports from Washington.

If he is selected, Mr Rohert Brown, 51, who runs a public relations and management consultant firm in High Point, North Carolina, will succeed Mr Herman Nickel, who is on leave and who is expected to step down soon.

Mr Richard Vists, a career diplomat who has served as ambassador to Tanzania and Jordan.

led a group of black educators to South Africa to belp develop a US programme for training teachers and otherwise improving educational opportunities for hiscks in the country.

Mr Brown bas served as a special assistant to former president Richard Nixon.

A White House spokesman had no comment on the report. first disclosed by Time Magazine this week, saying, "We never cemment on possible ambassadorial appointments until the announcement is made Mr Brown would be the first black ambassador to the white-

ruled country. A black, Mr John Burroughs, is the Consul-General in Cape Town.

GENERAL Augusto Pinochet, 1973, is exceptionally fit, and no the Chilean military ruler, is Chilean doubts his stamina or nothing if not brazen in his seif-confidence. He has just what amounts to a tenure for announced, in the most life at this juncture is probably unambiguous manner so far, his more of a reflex action to the intention to stand for effice new wave of protests than e after his present presidential carefully constructed strategy. term expires in 1989. The new In the past whenever he has felt eight-year term, if accomplished, threatened he has reacted by would leave him an octogenarian playing tough. term expires in 1989. The new In the past when eight-year term, if accomplished, threatened he would leave him an octogenarian playing tough.

having ruled Chile for almost On July 2, two days of protest strikes were called by a recently formed umbrella organisation, e quarter of a century. Such a statement of intentions can only be understood the National Civic Assembly. within the legal framework that The Assembly cuts across many tep down soon. Also under consideration is fr Richard Viets, a career iplomat who has served as imbassador to Tanzania and fordan. Earlier this year, Mr Brown de a group of black educators How the traditional political trading the terms of tha teges tradition, which wes manipulated in the Govern-tradition to conservative tradition to the traditional political regime. Under the terms of tha teges constitution, which wes manipulated in the Govern-tradition to the traditional political traditional political tradition the terms of tha also included many middle class manipulated in the Govern-has the right to choose a candi-truckers. Although the stop-base terms that the terms of tha also include many middle class truckers. Although the stop-base terms that the terms of the traditional political truckers. Although the stop-base terms that the terms of the traditional political truckers although the stopdate for the next presidential pages were less spectacular than term, Gen Pinochet has always some of the protests in the pest 

fsvour of a single canutate fsvour of a single canutate i.e. the one chosen by himself. He has on several occasions He has hat he might ba the regime to repress the protests candidate but never so explicitly. In doing so, he has have brought wider condemna-tion, including this time the US Government. A US delegamerely given a legal dressing to what all authoritarian rulers like to do: to perpetuate themtion is this week investigating what all authoritarian rearrs then is this week investigating like to do: to perpetuate them-selves in power. Like Spain's Mr Rodrigo Rojas, who had just former caudillo, Gen Franco returned from the US where (whom he much admires), Gen his mother was a Chilean politi-Pinochet seems determined to rule Chile until he goes "feet form a return admire saked in petrol first." baving heen soaked in petrol Tha 70-year-old general, who by members of the security overthrew the late President forces. He was one of eight Salvador Allende in September persons who died.

dual transfer to a democratic system with direct presidential

1000 1,427.5 

against the death of Mr Rodrigo Rojas. The US Govcernment lodged a formal protest with Santiago about the student's

Pinochet'e which has sought to act as an Until Gen announcement, the aim of the honest broker with the Govern-main centre and centre right ment. Meanwhile, the left, opposition parties, led by the headed by the trua Communist Christian Democrats, has been Party has remained ambiguous. to accept that Gen Pinochet The opposition suffers from remain in office until 1989; but two major weaknesses which two major weaknesses which Gen Pinochet continues to exploit. It is divided into two that he will prepare for a grabroad blocks of centre-centre right and the Left. But within this there are considerable ideological and personal diffeelections, perhaps preceded right a by elections to a constituent this ti assembly. This platform has ideologi been joined by the Roman rences. Catholic Church hierarchy Secon

reflect the state of politics dur-ing the Allende period. Since then a whole new generation of persons has grown up without real political allegiance and direction. So long as the armed forces the opposition has no power to persuade other than through sectors. So long as the armed forces the opposition has no power to persuade other than through the state of politics dur-solution. So long as the armed forces the opposition has no power to persuade other than through the state of politics dur-solution. So long as the armed forces the opposition has no power to persuade other than through the state of politics dur-solution. So long as the armed forces the opposition has no power to persuade other than through the state of the state of the state of the state the opposition has no power to persuade other than through the state of the state of the state of the state of the state the opposition has no power to persuade other than through the state of the

the opposition has no power to persuade other than through protest. There is some evidence become a lame duck leader. On this basis, the political parties will continue to be denied issufficient time to organise themselves. No fundamental change in this vicious cycle can occur unless one or more things hap-pen: pretests weaken Gen to suggest that members of tha armed forces whose three service arms retain separate identities, are in favour of Gen Pinochet stepping down in 1989.

They argue that sooner or later there has to be a transi-tion and the lid removed on political activity — otherwise society becomes more polarised pen: protests weaken Gen. Pinochet's will to govern; the and eventually more unstable.

Pinochet's will to govern; the armed forces, or elements within them, take a firm stand against Gen Pinochet; the middle class and business feel their interests are best served without Gen Pinochet; and external pressure, especially from the US, is made more effective. But supporters of this view have yet to resolve the fate of Gen Pinochet himself. A man who has held such power for so long cannot easily step down affective. and become a private citizen. His life would be at risk; it is doubtful if any country would accept him as an extle; and The US is beginning to be

The US is beginning to be more active in counselling Gen Pinochet to liberalise, to pre-pare the ground for a transi-tion. But US policy is still unrealistic to the extent that it has not contemplated what it has not contemplated what there would be a possibility of a trial for human rights abuses committed during his rule. The armed forces themselves risk should happen to Gen Pinochet having their own members out on trial for human rights after office. The middle class and business ahuses

Gen Pinochet continues to abuses. The middle class and business exploit. It is divided into two In this situation the hermetic has been wavering since the broad blocks of centre-centre corpus of the military hierarchy protests began in 1963 and they right and the Left. But within tends to close ranks and prefers are wary of political parties, this there are considerable to back the person it knows. There is no predictable catalyst declogical and personal diffe-rences. This is not Argentina with a for change unless Gen Pinochet Secondly, the political parties more, Pinochet, believing he armed forces act.

A crowd outside the Chilean embassy in Washington protest death

# WORLD TRADE NEWS

### Japan 'needs Christian Tyler, Trade Editor, looks at a contentious issue for the coming Gatt talks to speed **Developing countries dig in for services battle** shipbuilding IN THE remote Siberian town The next Gatt negotiating

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Minister b

Cuts of 20 per cent in total yard capacity have been recommended by a Government advisory panel, following the worldwido slump in demand. While this should bottom out in 1988 and pick up in the 1990s, output is still likely to be well below that of the mid-1970s or early 1980s. early 1980s. The Government wants the

reductions recommended by the Council for Rationalisation of Shipping and Shipbuilding Industries to be implemented by the end of the 1987-88 fiscal

Shipping and Shippuilding Industries to be implemented by the end of the 1987-88 fiscal year. Since the yen now stands at about Y160 to the dollar against Y240 when the council's report was prepared last autumn, so reducing Japan's export com-petitiveness, the capacity cuts should take place as soon as possible, said Mr Nobutaka Nambu, a director in the inter-national affairs office of the ministry's shipbuilding division. The big shipbuilding com-panies will be able to cut capa city within their own yards or

panies will be able to cut capa-city within their own yards or in co-operation with each other. But smaller yards with only ono berth will find the adjust-ment hard. "There may be some bankruptcles," he said. Present capacity of around 6m compensated gross regi-stered tonnes will be lowered to just under 5m cgrt under the rationalisation plan. The cert

rationalisation plan. The cgrt moasurement takes account of the work and skill content of

the work and skill content of ships, as well as size. The council forecast in its report that production would fall to a low of \$.1m cgrt in 1988 from \$.3m in 1987 and 4.5m this year—in 1984, the figure was 5.85m, with \$m cgrt exceeded in the mid-1970s—and then recover to reach 5.2m in 1995, before easing slightly again.

China's state-run shipbuilding industry received 13 foreign orders in the first six months of 1986, the official China Daily reported, AP-DJ reports from Hone Kone.

reported, AP-DJ reports fram Hong Kong. The English-language news-paper said, the orders were worth \$130m; redal to the total amount reletived by the industry in 1985. The vessels are to have a total deadweight of 240,000 tonnee.

**Pirelli wins** \$20m contract of. Yakutski, Indian films are round is due to be launched by especially popular. They are trade ministers at Funta del popular because few other Este, Uruguzy, in two months' foreign films are ever screened time.

**EXAMPLE 1 EXAMPLE 1 EXAMP** 

Lifting the barriers to trade in services whether in films, banking, shipping or data pro-cessing, is, therefore, a sensitive

consing, is, therefore, a sensitive Their case for negotiating issue. Their case for negotiating services in the Gatt rests on tho Government regulators every. fact that trade in invisibles is where justify protection of worth an estimated \$400bn a domestic service industries on year, or about a quarter of all grounds of mational culture and trade

of services output is tradeable. Greater exchange of services, it is argued, could provide the same kind of fillip to world economic growth that successive (Gatt) that would result in services being brought along-side goods in a system of global trado rules.

After four years of procedural wrangling there is a hard core of governments still determined to scotch the services snake by procedural means if they cannot kill it by force of numbers. Ranged against them and the trading superpowers of the US, the EEC and Japan who accounted for 74 per cent of world exports of services in 1984, down from 81 per cent 10 years earlier.

Cain.

rounds of tariff cuts on indus-trial goods gave in three de-sation, Furthermore, any the free suffer a temporary balance of traders, many services are payments loss. Others, like inseparable from manufactures, India and South Koreo who are big suffer a temporary balance of traders, many services are inseparable from manufactures. India and South Koreo who are content is and the service conte increasingly valuable.

a noisy rearguard action by important members to trade in services should first of the Third World, such as be catalogued, then divided into Brazil, that still threatens to those that affect trade and those

The second hurdle for the free traders is technical or

for trade in services (invisible ctions difficult to count or price) that would give effect to the Gatt principles already applied to visiblo and measur-able goods.

A fundamental question — because it touches once more on national sovereignty — is raised hare: traded goods are shipped from one country to another, but services, apart from those that can be sent down to tele-phone lina, have to be delivered on the spot.

big exporters of construction services, for example, should Gatt rules on market access There have been two main gain. for services would, it seems, "negotiate now, give later" sticking points to US-led Some economists insist that have to cover the right of proposal could be adopted. demands for a Gatt pegotiation countries that refuse to buy establishment in the customer's If new rules cannot be drawn on free trade in services. The first was, and is, political: not advance, their own deve- the country's freedom to make — a "General Understanding to convince a sufficient majority boment, although the merit of the merit country and hence impinge on the country's freedom to make its own foreign investment

textiles One idea is that all barriers agreement By David Barchard in Ankara

TURKEY and the US have signed a "momorandum of un-derstanding" which should make possible increased Tur-kish taxtile exports to the US.

drafted as to what kinds of pro-tection were "appropriato" — that is, crucial to national sovereignty. Trading partners would then arguo about which of each country's barriers were legiti-mate, and which protectionist. Only at this stage would the process of negotiating mutual concessions (automatically The US Administration has been under conflicting pres-sures from US textile manufac-turers and the Turkish Govern-ment, a key North Atlantic Treaty Organisation ally in the Middle East, over Turkey'a rapidly growing textile exports. Last year the US bought 96.8m square yards of textiles from Turkey for about \$121m (£79m). The US Administration has concessions (automatically extended to all Gatt members)

extended to all Gatt members) begin. In other words, tha first stago would be to search for a system of rules. Only then would markets begin to open. Accord-ing to its propounders, the first stage should be obligatory, but tha second would be voluntary. Unless the Punta dol Esto meeting collapses in complote disarray, soma variant of this "negotiate now, give later" (£79m) (£79m). Total textila exports from Turkey last year were about \$2.3bn. The speed of which the country's textiles industry is

to convince a sufficient majority lopment, although they accept its own foreign investment of mations that there would be the merits of the case for pro-rules. few losers and many winners tecting "infant idustries." if markets were opened on the But is Brazil, for example, Gatt hasis that a concession to helping or hindering her export one trading partner in the Gatt potential — so necessary for it has proved difficult to — by sheltering her young petsmade developing countries, the time mainter multinationals, that tion? western multinationals, that tion?

growing has alarmed producers in many advanced industrial countrios

Last April, however, Turkey reached agreement with tho EEC on o set of voluntary res-trictions on its textile exports. It now looks as is if a similar

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**Turkey** and

US in

disrupt September's trade sum-mit in Uruguay, the diplomatic Definitions mit in Uruguay, the diplomatic Definitions would have to be battle, if not the intellectual drafted as to what kinds of pro-tection were "appropriato" —

philosophical: to imagine what kind of rules could be framed

concessions

India to buy Soviet

# aircraft

By K. K. Sharma in New Dethi THE Soviet Union has agreed to sell India two squadrons of its latest Mig-29 fighter. The aircraft will be made under licence at Hindustan Aeronautics plant which is already manufacturing earlier

aircady manufacturing carbor types of Migs. India will be the first country entside the Soviet Union to operate the indian Air Force's principal aircraft. An advance version of the Mig-21 way built by the soveriment advance version of the Ang-21 was built by the government-owned Hindustan Aeronautics, after which the Indian Air Force acquired the Mig-23 and Mig-25. It also has an option to buy the Mig-27, but this is unlikely to be effer-ciend in view of the Mig-27.

cised in view of the Mig-29 deal. The Mig-29, codenamed Fulerum, is fitted with advanced radar, enabling it to operate day and night and in all weathers. Now you can give young people a job and get paid for it.

from Tunisia By Alan Friedman in Milan

PIRELLI, the Italian tyres and PIRELLA, the Italian tyres and cables group, has won o \$20m (£13.07m) order to supply machinery, engineering and technical assistance to Tunisia which has just opened a tyre plant built under the super-vision of the Italian group. The plant, located at Masken near the city of Source has

The plant, located at Maaken near the city of Sousse, has productive capacity of 7,700 tonnes a year and will employ a workforce of 500. Pirelli says it has provided training, personnel, technology and machinery. The Italian group will also take a 12 per cent shareholding in the tyre plant. The other 38 per cent is controlled by the

in the tyre plant. The other 38 per cent is controlled by the Societe Tunisienne des Indus-tries de Pneumatiques (STIP), the state tyre company. The Tunisian Government also owns another plant, formerly controlled by Fire-stone tyres, which produces 4,000 tonnes o year. The new Firelli-built factory will increase domestic production to 80 per cent of Tunisia's requirements. Pirelli was unable yesterday to disclose the total value of the new tyre plant, but said it would specialize in the manu-facture of tyres for industrial

facture of tyres for industrial vehicles.

India has already acquired 40 Miraga 2000 fighters from France and it recently signed an agreement to buy more. It has also bought Jaguars from Britain and this aircraft is being assembled by Hindu-stan Acronanties in Banga-lare lore.

India is also developing its own light combat alteraft which it hopes to commission in the 1390s.

Investment in **Portugal falls** 

By Disna Smith in Lisbon NEW DIRECT foreign invest-ment in Portugal fell to Es 10bn (£39.2m) in the first half of 1996, against Es 12bn half of 1986, against Es 120m in the corresponding period of the previous year. This is the first drop in many years and comes at a time when Partugal could attract grow-ing foreign investment as a new EEC member. In Spain foreign investment grew by 20 per cent in the first half of this year. Much of this year. Much of the problem appears to stem from Portu-gal's slowness in publishing the new foreign investment code that gradually reduces Partugal's bureanersey and adapts its procedures to the Treaty of Rome.

# Tokyo and Washington to resume aviation talks BY CARLA RAPOPORT IN TOKYO

JAPAN and the US will resume bilateral civil aviation talks in Washington tomorrow. Singapore yesterday gave 12 months uotice to terminate an air services agreement with

Nippon Cargo files to the US six times a week. It is under-stood that the two sides have now agreed to increase this number to nine. The US negotiators have been

The US negotiators have been reached, the authority sam, pressing for concessions on the number of chartered cargo concluded in 1984, places numer-flights from the US and Japan ous restrictions on Singapore as well as a reduction in Arlines, effectively reducing its as well as a receivery reducing an customs procedures at Tokyo's ability to commence services to Narita Airport for incoming Canada, o statement said. cargo flights.

to fly on from Narita. Indes, so as to provide for far Japanese negotiators say that and aqual opportunities for the the US has softened its stand atrikoes of both countries. In on flying beyond Tokyo. The addition, the proposal would Japanese claim the US demand provide greater opportunities would disrupt the basis of the for the articines. Canada was not Japan-US oviation prepared to accept these modifications." accord.

wasnington tomorrow. The talks broke off in early air services agreement with April, following a disagreement authority of Singapore an-of Nippon Cargo Airline's Singapore. Nippon Cargo files to the US. Nippon Cargo files to the TS

Singapore and Canadian offi-cials met last week to discuss ways to amend the bilateral agreement, following similar meetings in Ottawa in March, but no agreements were reached, the authority said.

cargo flights. Singapore has placed no re-The US has also been seeking strictions on Air Canada or rights to fly on from Tokyo to Canandian Pacific Airlines' serother domestic Japanese lar-ports. The Japanese have "Singapore and beyond. "Singapore proposed modifi-two requests, but are adamantly opposed to granting the demand to fly on from Narita. The Japanese have "Singapore and beyond. "Singapore and beyond." "Singapore and beyond. "Singapore and beyond." "Singapore proposed modifi-will remove the current restric-tions. placed on Singapore Air-lines, 30 as to provide for fair

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Department of Employment, DE

# **TECHNOLOGY**

TWO YEARS ago the top management of Electrolux US, the American vacuum cleaner concern hived off 18 years ago by the European group of the ame name, set itself a simple but extremely ambitious challenge. After virtually 60 years of concentrating on canister vacuum cleaner manufacturing, it decided to attack tha growing market for upright models. Its target was to make an upright at a price toat would open up the prospect of large volume sales while sacrificing none of the company's hard-won reputation for high quality products.

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Today, as orders for the new cleaner, the Discovery 11, roll in at a rate far exceeding the company's present ability to produce, the management claims that it has largely met its objec-tives. Executives say that in terms of quality the new cleaner matches anything the company bas ever produced. Yet it retails at only \$299, about \$200 less than Electroluz would have expected to have sold it under the cost structure of its traditional manufacturing regime.

To achieve this sbarr reduction in costs bas demanded a level of automation which the company claims is unparalleled in the US industry. " If we bad produced this model by tradi-tional means, our manufacturing it has achieved these cost re-

tonal means, our manufracturing it has achieved these cost re-costs would probably bave been ductions are: Jones, the plant manager at the group's Bristol plant in alone, this product demands less than balf the amount of labour that is raggired to brild the plant along the machines started than balf the amount of babour than balf the amount of labour that is raquired to build comparable products."

comparable products." The production line for the Discovery 11 employs approxi-mately 50 people in total and is vitually a self-contained entity. Plastic in the form of resins flows out of bins at one end of the process, and is injected into moulds to produce components, which are then passed along by a series of robots for trimming, stamping and finishing. These parts are subsequently trans-ported to a central warehousing buffer zone by a fieet of five buffer zone by a fleet of five automated guided vehicles, and finally dispatched to the assembly line, where another battery of robots helps operators to glue and screw them together.

The decision to opt for a comprehensive in-bouse produc-tion line was made early on in the planning stage, says Mr Homer Moeller, bead of manu-Homer Moeller, bead of manu-facturing, because Electrolux believed it would have better technology is progressing by control over quality if it limited the use of outside suppliers. Deciding on this route also meant, of course, that the com-ing the moulding machines. It pany was forced to control costs usb-contractors. Among the ways is because the ways and break.

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LEFT: Assembly is on individual pallets. Plastic parts are called up from the material handling system and delivered to the line via a conveyor. CENTRE: An overview of the nonsynchronous palletized line, RIGHT: Discovery 11s on the last leg of their journey through Electrolux's automated plant in Bristal Virginia

# The cleaner that swept the factory floor

Using vacuum feeding pro-

cesses, which ensure that virtually pure resins are fed into the machines because they come through a sealed, auto-matically monitored system, Electrolux reckons that it is

the next ones down the line would grind to a halt-a big in-Revival of the Fittest

• The use of plastic. Electro-lux decided to move to plastic because "it is cheaper as a raw material, easier to process and requires less labour," says Mr Jones, Moulded plastic parts are inherently more precisely formed than the steel stampings that Electrolux used previously in its cleaners.

achieving almost immediate gains, "The entire investment in the silos and the vacuum feeding system was paid for in seven months from the reductions in materials and operational costs," says Mr Jones,

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where a robot moves parts into and out of large injection moulding machines. This runs for a full three shifts a day, and does the job of three operators who would have been paid around \$25,000 each a year. Thus on a \$100 000 investment

paid around \$25,000 each a year. Thus, on a \$100,000 investment, the robot is expected to have paid for itself in reduced costs in a little over a year. The basic structure of the machina was bought from Cincinnati Milacron off the shelf, says Mr Jones, although special tooling was added at a cost of around \$10,000.

The plant also contains soma The plant also contains soma more specialised robot applica-tions. On the assembly line, for example, is a small robot which applies glue to a part that has to be stuck together to form a perfect vacuum seal, Made by Panasonic of Japan, tha machine moves through an elaborate curve, squirting out glua with far greater precision glua with far greater precision than could ever be achieved

manually.

In another np-to-the-minute application, Electrolux is making use of vision technology in the moulding area, with a machine that runs checks on the names imprinted on the cleaner by matching the printed shape against a memorised image.

• Materials handling. The moniding machines are served by computer-controlled auto-© Robots. One example of robot by computer-controlled auto-technology in the plant is a mated guided vahicles (AGVs) component production cell which jockey parts around the

On the assembly line, the company has abandoned its former carousel system of de-livering parts to operators in

# ELECTROLUX

The US company launches attack on

the upright vacuum Terry Dodsworth, in

automation allowed quality and cost

targets to be met.

favour of a powered conveyor line working on a non-synchronous basis. This de-mands much less inventory in

the system, and allows workers doubled to almost 90 since the and robots to work in a new product was planned, stationary position, only passing parts on when they are satisfied that comment involve into the statistical st that there are no defects in

Financial Times Tuesday July 15 1986

employed at GE, the internal Electrolux engineering staff has developed the general concepts of the production lines, working out rough costings, and then gone with its plans to specialized engineering suppliers.

A TRANSFER CALLS THE CO. - LOUIS .....

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None of these companies makes anything. They each specialise in potting systems together using machines bought from a variety of suppliers. "These guys are small, very dynamic and flexible, and they have a lot of engineering talent have a lot or engineering talent that can react very qnickly." says Mr Jones. They were asked to assemble the new equipment in their own facilities and take out all the busy before chirming it for bugs before shipping it to Electrolur.

Electrolux. This debugging technique worked particularly well, according to Mr Jones, on the assembly line, which was up and running at full production within three weeks of the first plece of equipment being moved into the plant. "We designed the line to achieve 90 par cent nptime, but we reached 95 per cent within five would have expected to have taken between three and four AIR TRAFFIC control by the 1990s will probably benefit from the use of intelligent knowledge based systems (IKBS) used "on-line" to assist the controllers in their work. These are computer systems that are able to store and make intelligent use of taken between three and four months to arrive at the same ledge in the same way that a human being would.

point. Already, just a few weeks after the market launch of the Discovery 11, Electrolux Is working on a substantial expan-sion. The line was planned for a maximum capacity of 1,000 machines a day, and commis-sioned at a rate of 750. But the management is now scaling np to go to 2,500 a day in August by adding more monid-ing cells, extra robots on the assembly lines, and moving to two shifts in the assembly area.

the company into a higher volume sector of the market-

and into a different competitive ball game. It shows, says Mr Moeller, "what a compelling weapon a strong manufacturing

• Previous articles in this

May 28: Swatch, Swiss watch

June 3: Hoover, British domestic appliance manufac-

June 17: VEGE Motoren,

July 8: Bellot, French four

anufacturer of car

system can be."

series:

maker,

tarer.

miller

Dutch ren engines.

point.

The reason for this expansion The reason for this expansion is the high level of demand created by the new model. Electrolux has traditionally elmed at a premium marker for cleaners in the \$400 to \$600 range, and on its previous attempt to enter the upright market in tha late 1970s, it produced a product that proved to be too heavy and too **UK** spending on office automation to be too heavy and too expensive at almost \$500. The new \$300 machine has taken

OFFICE AUTOMATION Guide, 1985, has been pub-lisbed by Wharton Informa-tion Systems, Twickenbain, UK (01-891 6197) and its re-view of 1985 shows that the average company budget for office autamation was only £100,000.

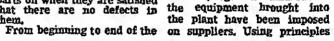
Most firms (65 per cent) are spending the money on personal computers and computer terminals (45 per cent). But 30 per cent are spending at least some of the money on local area networks, dedicated word processors and/or office automation systems.

Electronic typewriters and internal-only phone exchanges were the lowest miority some 25 per cent of the respondents plan to spend some money in this area.

3

process of planning and installing the Discovery 11 line took Electrolux only around 16 months. This smooth transition was probably dne partly to the modest size of the investment in the new processes— Electrolux's total expenditure on the Discovery 11 amounted to about \$5m against the \$16m being Spent on upgrading the being spent on upgrading the Bristol facility. But the group also planned tha changes meticulously. First of all, top manage-ment decided right at the begin-ning to bring in a new team of manufacturing experts. Traditionally a marketing-driven company-it still sells through a team of 26,000 direct

in the professional services and engineering field. The numbers of specialists in the planning and control area has more than

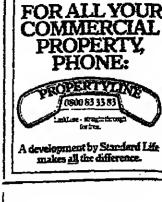


door-to-door salesmen—the company realised that it needed

company realised that it needed new manufacturing skills and sought them out in General Electric's domestic appliances division. Both Mr Moeller and Mr Jones came from GE's dish-washer plant, where they had used similar plastics technology and prodoction linas

Second, the company has not been afraid to add costs heavily

and prodoction lines.



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Logica, the UK software

Logica, the OA software systems house, has just com-pleted a study for the Civil Aviation Authority which in-dicates that new and sophisti-cated computer aids will be needed to cope with the in-creased number of aircraft in

the coming years.

By Geoffrey Charlish

A DESCRIPTION OF

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Receivables from Non-Bank Clients	15,137	14,330
Fixed Assets	130	131
Deposits by Banks	9,504	8,754
Deposits by Non-Bank Clients	1,790	1,358
Own Debentures in Circulation	20,628	18,700
Capital and Published Reserves	615	560
Net Interest and Commission Income	210	191
Personnel and Operating Expenses	60	48
Taxes	99	81
Net Profit	30	27

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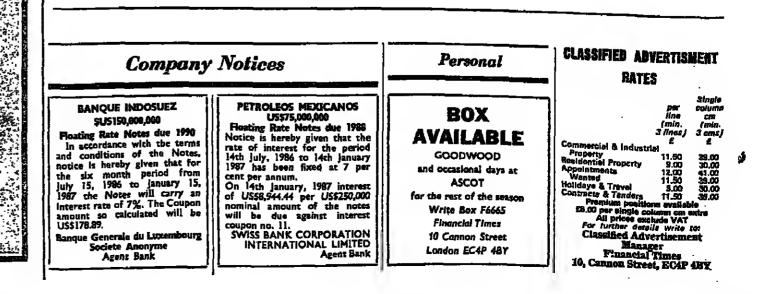
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# **MANAGEMENT:** Small Business

Corporate venturing

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# The pros and cons of mutual dependence

### BY WILLIAM DAWKINS

THE production lines at step towards establishing a Missan's gleanning new factory smoother workflow, with all the savings in working capital costs started rolling a week ago today. But examinations two years ago. Thanks to Ford's input, man of the Japanese company's the first around 100 cars per day. But equally interdependent is some that not one of the 5,500 component parts of each vehicle will have been inspected by Nissan. "Our philosophy is to dupli- cate nothing. If the supplier has got his quality control right, then we don't need to inspect." Yet the number of large manufacturers in several sectors when it comparises have been to have been the life of a particular have been to trol directo

Nissan's deceptively laisser Nissan's deceptively laissez-faire attitude to its 30-odd Euro-pean suppliers—many of them small businesses—would make most British manufacturers' hair stand on end. It seems all the more risky in view of the fact that all components—encept for commodities like tyres—are single sourced.

single sourced. The reason that Nissan erpects to get away with it, as it has done in Japan for years, is that the car maker has an un-

has done in Japan for years, is that the car maker has an un-usually close relationship with suppliers. Nobody is accepted to the Nissan club until they have received repeated visits from the company to check the credentials of all from the man-aging director to the bumblest cleaner and to establish a strictly monitored internal quality control system. This has been an unusual er-perience for the European busi-nesses which will end up supply-nesses which will end up supply-ness year. But it is also an er-ample of a type of approach by big customers to small suppliers which—though especially well suited to the automotive indus-try—is being increasingly adopted by manufacturing groups across the West. Comparies ranging from IBM, 1 the computer giant, through

Comparises ranging from IBM, the computer giant, through Varity Corporation, the farm equipment and industrial mach-inery maker, to Eaton Corpora-tion, the US electronic and vehicle components group, are seeking to exert more inducate on the way key suppliars run, their own business. This, they argue, is valuable in ensuring better quality control and is a

ANNET T

Thanks to Ford's input, many of the Japanese company's re-

quirements were already in place when Pianoforte tendered place when Pianoforts tendered for a contract to supply door styling strips. But Nissan did "introduce us to one or two very useful techniques," says Folzy. One eximple is a written production log whereby machine operators record every event in the life of a particular job. especially any mistakes and remedial action. Burdensome paperwork maybe—but the log provides a useful reference work

mderpaid and paid late by big customers. Yet: the number of large manufacturers in several sectors to have built closer bonds with favoured suppliers in the past five years or so suggests that there is at least a trend. For small businesses, the conse-quences are mixed: such rela-tionships offer a chance for the lucky few to get well bitched to a powerful customer, but there is also the risk of getting over-dependent on one source of dependent on one source of sales.

Several suppliers to have gone

down this route point out that

Pianoforte's production direc-tor, has seen his scrap rate fall by roughly a third since Ford introduced quality control



manufacturing, whereby custo- ploy mers' stock levels are kept to ago. mers' stock levels are kept to almost nothing. The idea is that suppliers deliver little and often, so that parts arrive just in time for assembly.

paperwork maybe-but the log provides a useful reference work when it comes to looking for ways to correct new production errors. "If something goes wrong, you just look up in the book and see what you did to put it right last time," says Poley. "The old adversarial relation-ships are out of date," claims ian Robb, director of purchasing for Rolls-Royce, the aero engine group. "Because materials and machinery are getting so specia-lised, we are moving much Clearly it makes sense for jit

Clearly it makes sense for jit manufacturers to deal with as few suppliers as possible. That is why, for instance, IBM UK's supplier base has steadily shrank since it started to intro-duce jit principles in 1980-down 16 per cent to 7,780 com-panies last year. "In the UK, we are in the high volume, low profit end of the business. That means we don't want to deal with air sup-pliers where we could deal with one-and we do want them to be self-sufficient," says Ted Linzey, IBM UK's procurement manager. He emphasizes, howmanager. He emphasises, however, that the contraction has been restricted to manufactur-ing suppliers. Like many other big arganisations, IBM is in-creasingly keen to subcontract services like printing or clean-ing rather than perform them Meanwhile, IBM UK's manu-

facturing suppliers are being constantly scrutinised by virtue of the need to pass an annual quality test. "This saves us a bomb because it means we don't have to rework faulty emip-ment," explains Linsey. "Once you start relying on the vendor, It saves on quality chasing." This type of approach is had news for small businesses which

get cit out as the supplier base shrinkz. But it can be good hews in a number of sometimes unexpected ways for anybody who can stand the pace. One

discipline, or continuous flow division, which started to em- ings or research, of which sales manufacturing, whereby custo- ploy jit techniques two years are just a part.

are just a part. This type of approach to suppliers—just in time apart— has taken root particularly fast in the automotive industry in recent years. Like IBM with its computers, car companies need more than most to have close influence over suppliers because their products tend to be high volume but yield Inw margins. ago. The result bas been to boost the rate at which the division turns over its stock from five times to an impressive 21 times annually. This has not been entirely good for Eaton's small suppliers because they have ended up indirectly financing the buffer stock which used to lie in the division's Manchester margins.

lie in the division's Manchester plant and now lies in their own. Some of them have also had to pay for improvements in their own in-bouse quality controls to stay on the right side of the strict rating system which Eaton launched to support jit margins. That is not to say that getting close to small suppliers is a new idea. To take a well known non - manufacturing example. Marks and Spencer, the UK retail chain, claims not to have changed its policy towards sup-pliers for 50 years: and the group is notorious for baving taken a close interest in every detail of suppliers' businesses.

Eaton launched to support fit manufacturing. "Initially, they had some concerns, mainly to do with payment and whether there would be any changes in the purchasing programme," admits Neil Wade, Eaton's purchasing manager. "But it bas brought suppliers closer to us and made communications a lot better." Roland Prior, sales and "They see it as constructive "They see it is constructive rather than policing. We try to see it that way—we would be foolish if we didn't," says M and S supplier David Dowson, joint managing director of Pinneys of Scotland, the store's only source of smoked salmon. The constructive part be only source of smoked salmon. The constructive part, be maintains, has been advice on subjects like procurement, pack-aging design and technology. The main cost bas been M and S's requirement for an exclusive bold over any product developed with its help, includ-

ing a generous array of pates and roulades. and roulades. M and S takes about half of Pinney's sales, but Dowson dis-misses that as an imperceptible risk. "It's the other 50 per cent I worry about," he says. "In any case, it's probably more of a risk for them than for us," be which which a continues which adds, voicing a aentiment which points to the reason so many big companies are choosy over how their small auppliers do business,

EDITED BY CHRISTOPHER LORENZ

# in the North

### BY IAN HAMILTON FAZEY

A GROUP of entrepreneurs in growth, we have got to address the north of England is pro-posing to form an institute to standards of management." help small businessmen help Members of the working each other to be better man-party say that small business

agers. The organisation, which is being launched this month with advertising in selected trade journals, will caler for employee-managers as well as owner-managers of small busi-nesses and will be concerned with upgrading quality. It will aim to represent its members as individuals, rather than act for businesses, and it is in that sense that it will be rather like a small business version of the British Institute of Management. The Ides for an institute of small business management grew ont of discussions between the principals of about 60 busiagers.

the principals of about 60 busi-nesses in the north west and Wales, most of whom had taken Wales, most of whom had taken part in owner-manager training programmes sponsored by the Manpower Services Commission. Regular reunions to review sub-sequent progress established an informal network of contacts between the business-people, who then began to feel a need for a more structured way of promoting self-belp between themselves.

The first step was the launch of an informal working party, whose members include Terry whose members include Terry Bailey, formerly of Mancbester Steel and now in specialist metal manufacture on his own account, Tony McKenna, the founder nf Motorland, a grow-ing business in car accessories, and Stan Parker of Stylo Plastics, a sign-making com-nany.

other members include Wilf Jones, the chairman of Wigan New Enterprise, Terry Robinson, who owns an expanding debt collection business, and

debt collection business, and Len Collinson, who is chairman of the Manchester management consultancy, Collinson Grant, and a member of the CBI smaller firms council. Collinson says: "In our view no person or body bas responded properly to the very special and growing needs of owner-managers and managers in small business. If we are to move from the birth of small businesses to their successful

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management is different because the manager has to because the manager has to straddle many functions and perform them all competently. Moreover, there is usually no big company style "staff" support and small business managers can have very little influence in trading conditions because they tend to have a

because they tend to have a very small sbare of their particular market. While small businesses should be able to score against big ones in their ability to respond

quickly, that in itself creates special pressures which people need to be taught bow th bandle.

Collinson says: "There bas been nn formal awareness of small business until recent years forced it on everynne. Economic change has forced people to think about what sbould be done. We think there has to be a wider means of getting advice on strategic issues. The new institute will act as an independent broker in this sort of area."

The next stage will be to call meeting of people interested. The working party is hoping to attract about 2,000 from its initial advertising. How it develops will depend on feedback from those attending but the working party already has several ideas.

One is a journal concen-trating on opportunities open to small businesses and on the operating and strategic problems they fare, Annther is a network of advisers on issues like sales or purchase of shares in a family or close company, or inheritance tax,

It is also seen that the institute might negotiate dis-counts on goods and services, run a business exchange, a library and research centre, set professional standards for small business management, offer training for managers and supervisory staff, guidance on emplayment, run seminars and conferences and liaise with other professional bodles.



in this series looks at the potential available to small firms of close

In other cases, however, sup-pliers and their customers are

who can stand the pace. One company to have set particularly stringent standards for its small suppliers is Eaton Corporation's European truck components one another's plants to discuss a whole range of issues, like product development, cost sav-

Roland Prior, sales and marketing director for Gates Hydraulics, an Eaton supplier, agrees, "We now know that they are not just employing a bunch of professional order chasers and that if they do say thore are problems they are for there are problems, they ara for real," says Prior. Eaton has also helped Gates to train staff and to set ap so-called quality circles, voluntary "They gave us plenty of valu-able advice." may Prior. And

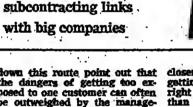
instead of sending sales staff to renegotiate -- sometimes un-certainly--contracts with Eaton, the two organisations now have regular meetings alternately at

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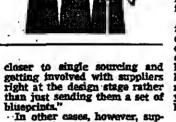
The penultimate article

with big companies

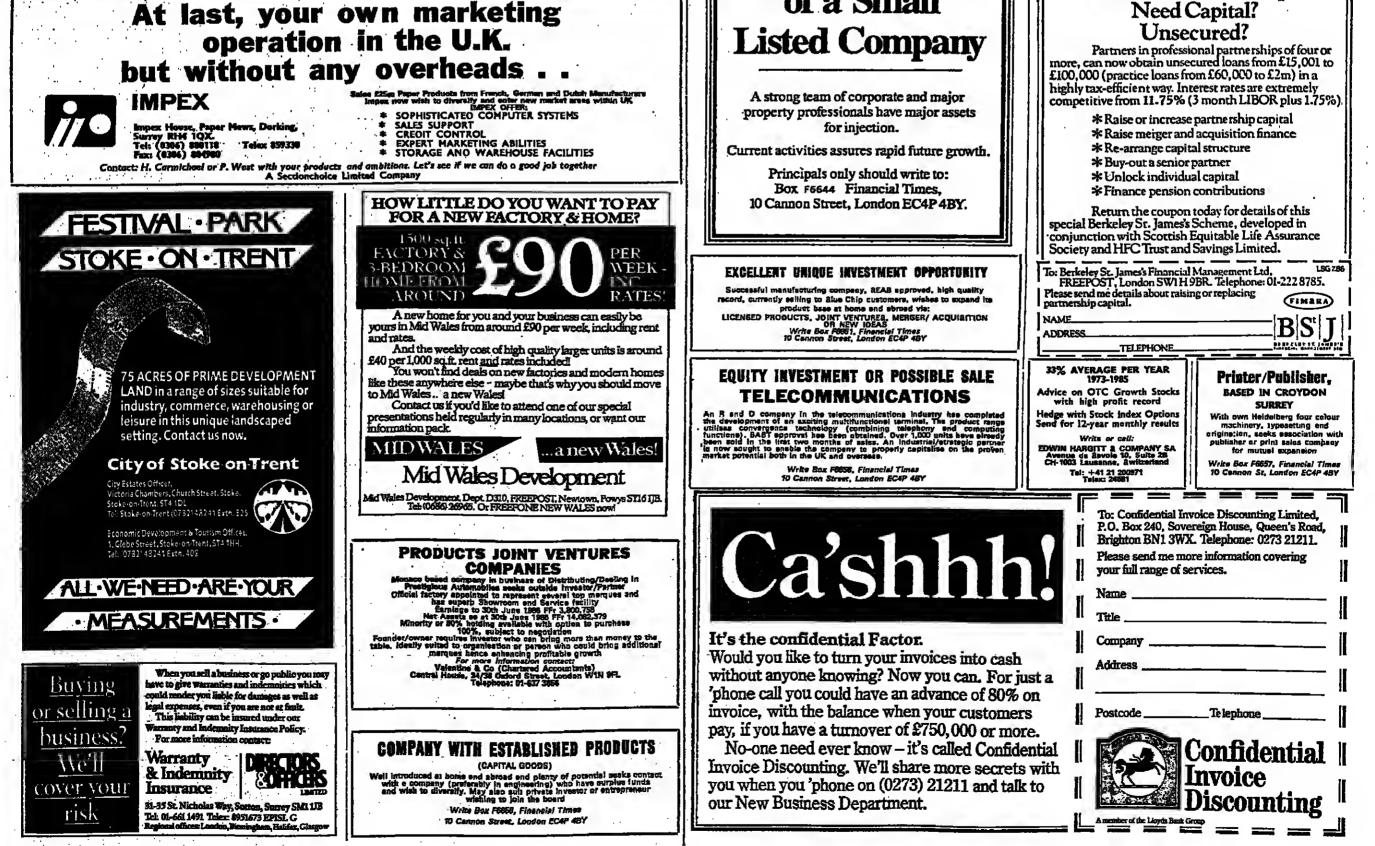
down this route point out that the dangers of getting too ex-posed to one customer can often be outweighed by the manage-ment contributions from dis-criminating purchasers in areas like quality control. Take, for instance, Plano-forte Supplies Plastics, a Warwickshire-based mouldings group, which works for both Nissan and Ford. Robert Foley, Planoforte's production direc-







being driven closer together not so much by technology but by manufacturers' needs to im-prove quality and stock control in increasingly competitive markets. Here another Japanese transplant is playing an im-portant part, the so-call/i just in time (jit) manufacturing UK business institute New body set up



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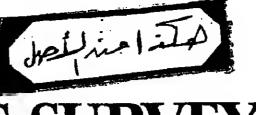
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# **FINANCIAL TIMES SURVEY**

Tuesday July 15 1986

# Dominican Republic

This Caribbean island has strengthened its economy as a result of IMF austerity measures and is diversifying away from dependence on the sugar industry

# Watershed election adds to stability

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ΰе. 15 TO MONOR ALC SURVEY Financial Times Tuesday July 15 1986

Only now is the situation changing is the situation enjoys increased political stability and diversifies its eco-nomy away from traditional dependence upon sugar to offset the heavy burden of foreign debt.

debt. The Dominican Republic fits oddly into the structure of the Carfbeam. Its territory is half an island, the western part being Haiti. The nearest parallel is perhaps the division of Guinea into two states in Anstralasia. Profiting from Hiliti's earlier Profiting from Hiliti's earlier Profiting from Hiliti's earlier

of Guines into two states in Anstralasia. Along with Haiti it was the first nation to acquire indepen-dence in the ; Caribbean. Profiting from Hilti's earlier independent in 1844 — more than a 100 years before any terrifory in (the English-speaking Caribbean. It is also the only state to have been embroiled in amed territorial speaking for an territorial independent in the independent in

 THE FINE coral rock cathedral in the heart of the old guarter of Santo Domingo is both a sort of unofficial shrine to the island's pher Colombus. This was the first documented place where Colombus touched land in 1492 on his way to discover the New World.
 to the larger and richer island of Cuba, which attracted first the Spanish and then, during both the most pluralistic and this century. American invest-the cleanest election the coun-ment for. development. The in Cuba in 1959 and the advent Socialism provided little in-the socialism provided little in-first place on the map of the first place on the map of the New World (then the island of Hispaniola), it has been one of the last to make itself known. Only now is the situation
 to the larger and richer island of Cuba, which attracted first next for. development. The is callism provided little in-socialism provided little in-tence of the Truijllo dictator-the last to make isself known.
 and the excessive delay in an-nouncing the final results, it was the control of the first place on the map of the hast to make isself known.

By Robert Graham, Latin America Editor

The Trujillo family's rule Jacobo Majlota, beading the ended with Rafael's assassing ruling PRD, with 39 per cent. Mr tion and the seizure of their Bosch, just turned 77, won 19

Never before has there been a head of state elected to office by an electorate fully conscious that he is both hind and ageing.

that he is both blind and ageing. His appeal to some extent defies rational explanation. Un-doubtedly he benefited from disenchantment with the out-going government of President Jorge Blanco and a sense of distrust towards the PRD candi-date, Mr Majinta, who had more or less forced himself on the party as the official candidate.

President Jorge Blanco has not been forgiven for his handling of ensterity measures imposed by the International Monetary Fund. In April 1984 he introduced a broad range of measures to restructure the of measures to restructure the economy and cope with the service of the Republic's \$3.5bn foreign debt. This provoked an instant and violent reaction. Organised workers and spon-taneous demonstrators took to the streets in Santo Domingo and other cities. Ill-prepared security forces over-reacted and more than 60 people died. This incident has obscured This incident has obscured very real economic achieve-ments in the past two years.

presided over a great boom. He held the presidency for three consecutive terms from 1966-78, the latter part of which was profoundly influenced by high international sugar prices.

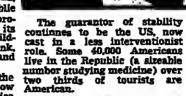
On the back of this and borrowing extensively abroad, he initiated a large public works programme that has pro-wided the capital with all its most immpressive modern build-ings-from the Central Bank, to the Netional Theatre and various museums.

Today these are buildings the republic cannot afford on low sugar prices and a debt service ration of 30 per cent. But dur-ing the election campaign, Mr Balaguer successfully aroused Astronomic and the second seco

ments in the past two years. The Dominican Republic is one of the rare developing countries, especially in the region, to comply with its IMF targets. It also has the distinc-tion of being the sola Latin American debtor to have floated

as it is by more that three heighbouring hard, treatmons years of recession. Incomes have been taken along the bor-have fallen in real terms and der which has been virtually unemployment is still rising. closed for six months now, even Large numbers of the 6.5m to the extent of encluding population live on the poverty Haitian seasonal labour. tradi-line in this low wage economy tionally used in the sugar har-and Mr Balaguer is nostalgically west.

1 11



As the most populous country in the Caribbean after Cuba and occupying a key strategic position, the US interest is likely to continue. But the close association with the US tends to mitigate association with the US tends round his house who waited to congratulate him shouted slogans like: "Now we shall have bread and jobs." This mix of populist appeal, nostalgia and a tradition of the father figure leader (a caudillo) are probably the main reasons for his election. Under President Jorge Blanco

ete, But the electorate has been less impressed by this, affected as it is by more than three years of recession. Incomes have fallen in real terms and has said he will stay in office until he dies. Clearly much responsibility will rest on the man who ran as his vice-president, Mr Carlos have been taken along the hor. Morales Troncoso, A US trained engineer, he has considerable business experience, having run the sugar and tourist opera-tions of Gulf and Western in the Republic-the largest single foreign investment. However, he has little poli-tical evacuation

tical experience.



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President Jorge Blanco (left) will ease pressures on his successor, President elect Joaquin Balaguer (right), However, Mr Balaguer's government of national reconciliation still has to deal with pressing problems of low family incomes and unemployment



**The Dominican Republic** 



# STATE

# Facts About the Dominicar Republic

### **1-GEOGRAPHY AND PRODUCTION**

Situated in the Caribbean, to the South East of the United It lies to the East of Jamaica and to the West of States. Puerto Rico. It forms the greater part of the Island of Hispaniola on its eastern side. The main export products of the country are sugar, gold, coffee, cocoa, tobacco and ferronickel.

### **2—AIR COMMUNICATION**

Is served by a number of international airlines, with flights connecting with Miami, San Juan, New York, Madrid, Caracas and other cities.

### **3**—POLITICS

The Dominican Republic is the biggest representative democracy in the Caribbean.

### **4**—FOREIGN INVESTMENT

It is an essential part of the policy of the government to encourage higher volumes of productive investment in both the private and public sectors. Also to promote sectors like minerals, tourism, agriculture and export-oriented industries. In this context the development of Industrial Free Zones (IFZS) encourages exportrelated industries.

## **5—BANKING SERVICES**

A full service commercial banking network is established in the country. The Dominican Republic has a fully developed and modern integrated banking system which includes commercial banks, development banks, mortgage banks, and savings and loan associations.

## **6**-INVESTMENT FACILITIES

The US Government's Overseas Private Investment Corporation (OPIC) provides insurance facilities, loans and loan guarantees for US investors in the Dominican Republic. At the end of 1982, the OPIC programme in the Dominican Republic was larger than in any other country. Foreign Investment is protected and promoted by Law and the exchange rate of the local currency in relation to the U.S. dollar is established in the free foreign exchange market.

# 7-CARIBBEAN BASIN INITIATIVE

The Dominican Republic is a beneficiary country under the United States Caribbean Basin Economic Recovery Act. The main provision of the Caribbean Basin Initiative (CBI) is the introduction of duty-free access for twelve years to US markets for a wide variety of goods from designated countries. The advantages of the CBI can be exploited by any company, regardless of ownership, operating in the Dominican Republic. This makes the country an ideal production base for goods and services to the US market.

BANCO CENTRAL DE LA REPUBLICA DOMINICANA PO Box 1347 Santo Domingo Dominican Republic Telephone: (809) 688 2011

Telex: 346052

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# Dominican Republic 2

# Economy Austerity brings modest growth

IN ITS own quiet way, the performance of the Dominican Republic's economy bas been **The republic's economy** one of the rare success stories during the Latin American debu crisis. After two years of tough but well-administered, austerit measures, combined with sweet ing liberalisation, the econo boginning to enjoy modes growth.

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A start has been made divorsification away from the traditional reliance on sugar with new agro-industries and tha promotion of tourism.

At the same time the incom-ing edministration of Mr Joaquin Balaguer will benefit from lower oil prices, lower in-terest rates and some windfall profits from coffee sales.

The transformation bas not been painless. When the bulk of the susterity measures were infroduced in April 1984 there were violent and large-scale rots. However, the Jorge Blanco administration leaves office next month having introduced the hardnest measures. harshest measures.

The story of the Dominican Republic's economic difficulties is not dissimilar to thet of its is not dissimilar to uter or the Caribbean and Latin American neighbours. The 1970s wit-nessed a period of high growth on the back of bealthy prices paid for its chief currency earner, sugar sales, also backed

earner, sugar sales, also backed by gold exports. The economy kept growing despite the oil price rises. Heavily dependent upon imported energy, tha authori-ties maintained an artificially high exchange rate of one-for-one to the dollar. one to tha dollar.

one to the dollar. As the flight of capital grew and the public sector deficit rose, the government resorted to printing money which fuelled inflation. Meanwhile, the sugar

inflation, meanwhy the born price collapsed. To finance both current expenditure and development, the government resorted more and more to foreign borrowing. Back in 1973 at the time of the Back in 1973 at the time of the first oil price rise, the republic's total foreign debt was \$607m. From 1976 to 1982 it increased on average 21 per cent a year and reached \$3bn, with a dobt service ratio approaching 50 per

Not surprisingly, there was a balance of payments crisis in the early 1980s, prolonged by the political changeover in 1982 25 President Salvador overall commitu Jorge Blanco began his four- period to \$3bn. Jorge Blanco began nis four-year term. Discussions began Tho restructing agreement, in January 1983 with Tha Inter-with some 30 banks, allows for national Monetary Fund on a payment over 13 years instead three-year \$370m facility in of siz, with five years' grace

Dt         External debt         % debt         Imports Arrears         Exports         Reserve Reserve           y         (US\$m)         increase	-							
$\begin{array}{cccccccccccccccccccccccccccccccccccc$			debt	% dent	Imports	Arrears (U	Exports S\$m)	Reserves
Source: Central Bank.	p- iy st no ar	1976 1978 1979 1980 1981 1982 1983 1983 1984 1985	 607.4 1,006.5 1,320.8 1,632.7 2,058.9 2,286.0 3,076.4 3,237.2 3,446.9 3,551.0	24.9 18.5 22.6 26.0 11.0 34.5 5.2 6.4 1,50	1,860.7 1,080.4 1,498.4 1,450.2 1,255.8 1,297.0 1,257.1	43.4 149.4 816.8 436.3 389.7 112.4	675.5 868.8 961.9 1,188.0 767.7 785.9 868.1	0.4 - 35.0 - 122.4 - 322.3 - 678.6 - 428.1 - 335.9 - 248.9

The Dominican Republic has

exchange for cuts in public instead of two. The Paris Clnb spending, righter credit, also agreed to resolute \$280m removal of subsidies on basic worth of debt, and a further and agreen to resoluting account worth of debt, and a further \$299m of debt contracted with central banks was rescheduled. The debt service ratio is now items and a substantial adjustment in exchange rate policy. Although one third of the Fund disbursements were made, the government found itself down to 30 per cent, cut by over one-third. unable to comply with the prounable to comply with the pro-gramme. When renewed efforts were made to comply in April 1984, the government found it-self obliged to hold off imple-mentation in the wake of violent popular protests that left 64 people dead. thus managed to avoid being stuck in the vicious circla of so many Latin American debtors, of needing to borrow more to service debt which it cannot pay in the first place. Net indebted

ness increased only 1.5 per cent last year to 3.5 per cent. Debt It was only in January 1985 It was only in January 1985 that the government, with a new economic team, felt suffi-ciently confident to introduce service payments amounted to \$551m - saving almost \$350m a wide-ranging package that would satisfy the Fund. Perhaps ment. the most important measure was to end the complex and unwieldy multi-tiered exchange

rate system. Until then certain transac tiva at minus \$248m, this com-pares with \$335m at the end tions had been conducted still tions had been conducted still on a one for one basis against the dollar. Hanceforth the peso was left to float freely. Addi-tional measures included a 60 per cent increase in sale price of netroleum products: sharp of 1984. (At one stage in mid 1984 the Central Bank found itself with no more than \$16m in foreign cash.) Cutbacks in imports and a steady rise in export earnings bave also belped the trade account which has been in definitions force per cent increase in sale prote of petroleum products; sharp rises in utility charges; the limiting of Central Bank credit to the public sector; raising of interest rates and a special deficit since 1978. surcharge on

temporary The implementation of that The implementation of permitted a renewal of the Fund agreement but belped persuade the coun-try's commercial bank creditors to restructure thoir dabt, due between 1985 and 1989.

The fall in oil prices has also more than offset the effects of a Agreement was reached in May last year, allowing defer-ment of \$787m, so reducing the openall commitment during the cut in US sugar quotas. The Dominican Republic has been one of the countries benefiting overall commitment during this from the San Jose agreement whereby Mexico and Venezuela

supply

Even so, the oil bill since 1983 has been running close to \$500m. On the basis of current prices the bill could fail to be-low \$250m this year.

The improved performance on the external account has been reflected in the exchange rate. Having been at a high of pesos 3.3 to the dollar in the wake of the free flotation, it has now steedied to around 2.80 to tho

dollar. The exchange rate has doubtedly been helped by rising tourist receipts. Tourist revenues are now running at \$470m a year, \$100m up on 1984.

470m a year, \$100m up on 186m A more significant element underpinning the exchange rate continues to be the extensive remittances of Dominicans liv-ing in the US. There are no precise figures and estimates go precise figures and estimates go as high as \$1bn. However, on the basis of the foreign ex-change bought by the Central Bank, the figure is thought to be closer to \$600m. The new edministration will

The new edministration will inherit e public sector deficit which has been brought down from 6 per cent of GDP to al-most 2 per cent; an inflation rate which in the space of a year has come down from nearly 40 to 14 per cent and a erowth rate of 2 per cent after nearly 40 to 14 per cent and a growth rate of 2 per cent after their recession.

Wages, however, have been kept low and there is a degree of concealed inflation. through the restructuring agree-

As a result of the recent elec-tions the incoming administra-tion has much greater control over Congress—a fact which in-The impact has been felt in The impact has been read in the balance of payments which bas moved into a modest \$100m surplus, and reserves bave improved. Though net inter-national reserves are still negahibited the outgoing govern-

ment. The Balaguer electoral plat-form pledged a renewal of pub-lic spending to create more jobs but so far there have been few indications of major policy differences. The need to service debt and complete through to the first quarter of 1987, the IMF austerity peckage provides the first quarter of 1987, the IMF austerity peckage provides a straightjacket from which it will be bard to move. The principal long-term prob-

The current account perform-The current account perform-ance would have been better bad there not been a cut in US sugar quotas. Since 1983 re-duced sugar quotas bas meant an annual loss on average of \$100m. Luckily, gold sales have been strong as have those of tobacco and cocoa. The fall in cal prices has also lem remains bow to creato jobs in this the most populous Caribin this the most populous carlo bean state ontsido Cuba. This will have to be done with greater emphasis on agro-indus-try, further promotion of agro-industries and expansion of

In doing this, it is essential that centres of employment are found outside the two major cities. The Dominican Republic tourism become far too top heavy. with too many peoplo dependent upon the capital and its suburbs. crude at favourable

**Robert Graham** 



# Foreign investment

# **US** companies still dominate

there is no chortege of skilled labour The attraction for US in-

ATTRACTING foreign invest-ment bas been fundamental to the outgoing Jorge Blanco vestors is that the Republic is included within President Reagan's Caribbeen Basin Initiaadministration's efforts stimulate new export orientated industries. incoming Balaguer

The incoming Balaguer Government is committed to give the same priority; with a declina in the importance of sugar as a foreign exchange earner, the Republic is obliged to sources of hard currency to belp service tho burden of foreign debt. In this respect the Domini-Significantly, the Dominican Republic has been one of the

CBI. In a study prepared last year by the State Department, 31 new ventures had been estab-In this respect the Domini-can Republic's predicament is similar to that of Jamaica. However, unlike Jemaica it has lished for a value of \$43m, creating almost 10,000 new jobs. been much slower to promote its assets, and actively seek projects and marginally more funds, the Dominican Republic ventures created almost twice the number of jobs. Indeed, half the jobs created by the CBI in the Caribbean — as opposed to Central America — have so far been in the camblic foreign investment. As a result foreign investment. As a result tha opportunities are lesser known and the infrastructure less advanced. This is now changing, especially with regard to US investors. At present, US investors

opposed to Central America — have so far been in the republic. American investors should soon be eligiblo egain for insurance Overseas Privete In-vestment Corporation (OPIC). This was first ostablished in 1962 but in 1984 withheld from new investment pending the At present, US investors account for almost 70 per cent of foreign investment, reflect-ing the bistorical dominance of American companies in the economy for tho whole of this century, and tho fect that British companies tended to focus almost exclusively on the Commonwoalth Caribbean. Other nations with foreign new investment pending tho

Commonwoalth Carlinean Other nations with foreign investment stakes includo Spain —a number of Spanish ventures were established during the

were established during the Trujillo dictatorship and somo capital which left Spain at the time of Franco's death also ended up in the Ropublic. Canadian investors have also

Canadian investors have also heen active, most notably the mining concern, Falconbridgo. Total cumulative investment this year has reached \$280m. The figure may be higher since the large expatriate Dominican community in the US, especially New York, has begun to chan-nel funds into small-scale ven-tures in the service sector. Tho basic attractions for foreign investment now are US-oriented. The republic is

still some \$6m in royalties

unresolved The basic legislation governing foreign investment is Law 861, amended in 1983. This permits foreign investment in any sector except public utilities communications, forestry, transport and defence. Nevertheless, exceptions exist even in these areas, the most notable is the US-owned telephona company, Codetel. All foreign investments have

All foreign investments have to be registered with the Central Bank in pesos. The maximum profit remittance, as of August 1984, is 25 per cent of annually-registered capital. Once tax bas been paid, then

Once tax bas been paid, then profits are freely remitted. The Jorge Blanco adminis-tration singled out four priority areas in which to seek invest-ment: mining, tourism, agro-industry, and industrial free zones. These provide the best hope of being the most attrac-tive to foreign investors, and the most useful to the economy in terms of job creetion, technology transfer and foreign exchange earning. In the mining sector, the Jorge Blanco administration

has sought to encourage better geological assessment of the country at one level; and on another, to expand production of gold, ferronickel, silver and

Gold is considered the most sident promising along with ferro-nickel. Increased exports of Reagan's Carlboeen Basin Intra-tive (CBI). This provides for 12 years of one-way free trado with few exceptions for all im-ports from CBI-designated coun-tries as of 1984. Significantly the Dominican nickel. Increased exports of these two commodities have belped offset the collapse of the local bauxite industry. Exploration also continues for copper, zinc and lead. There is some hope too of encouraging greater interest in net to be up exploration.

most successful countries in attracting investment under the petroleum exploration, although this is now affected by the current depressed state of world prices. The biggest mining project under con-sideration is a projected \$380m. gold sulfide venture in which the government is trying to interest tha IADB for project While Jamaica attracted more projects and marginally more finance.

tourism and agro-Both industry investment is treated in detail in separate articles. However, bere it is worth stress-ing thet the biggest foreign investment has been in sugar and tourism, via Gulf and Western's ownership of the La Romana complex.

Romana complex. Ownership passed in 1984 to the Florida-based Fanjul family of Cuban origin. The Fanjuls are now in the process of diver-sifying their agricultural in-terests away from sugar and increasing their presence in the tourist sector. tonrist sector.

Dominican officials are con-fident that agro-industries repre-sent a significant and largely untapped source of foreign

investment. Among the deals pending is a major investment by Dole, the US food group, to

produce pineapples. Between 1984 and the end of last year, it is reckoned, foreign investment in agro-industry created some 12,000 jobs. Here the new government is liable to come under pressure to alter existing legislation that limits existing legislation that innuss foreign ownership of agri-business projects to 49 per cent. The fourth priority area con-cerns the Industrial Free Zones (IFCs). The first IFC was founded in 1969 at La Romana, founded in 1969 at La Romana,

financed by Gulf and Western and was conceived as a logical extension of its activities in the area, since then three others have been established nearby at San Pedor Macoris; and at Santiago and Puerto Plate in

the north. The IFCs are considered extra-territorial with all imports and exports duty free, while corporate earnings are free of tax. The main type of invest-ments sitracted to the IFCs menus suracted to the 17 CS have been textile operations, with goods brought in scatt-finished and made up by cheap local labour.

About 60 per cent of all labour in the IFCs is concerned with such textile operations. Overall 18,300 are employed in me 140 companies.

The Jorge Blanco administra tion was sufficiently encouraged by this, especially in the light of the CBI, to consider at least two further IFCs. In the meantime bigger efforts have been made to attract blue chip companies and in particular US groups with operations in Puerto Rico with operations in Fuerto Rico that have become either too costly in wage terms of where capacity has been reached in existing installations. Among the new companies ex-pected to coma are Westing-house and GTE. Within the Caribbary companyation is high

Caribbean, competition is high to attract such business since several small island ecosomics are offering broadly similar facilities and benefits to say nothing of the "maquilladora" industries on the Mexican-US

border. The authorities would like to attract more Pacific Basin invest-ment using the Republic as a backdoor to the US. However, the government and private sector still lack resources in self-promotion.

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A STATE

self-promotion. Equally, the government recognises that its appallingly cumbrous bureaucracy has to be streamlined. Still too many potential investors risk being put off by dealings with the state machinery. This will be an important task for the new Baiaguer Government.

**Robert Graham** 



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# Investing in the Dominican Republic

Lic Jose Antonio Najri, Chairman of the Investment Promotion Council, talks about the Dominican Republic and its attractions for the foreign investor.

Q. Would you tell us e little about The Dominican Republic?

- A. The Dominican Republic is an inde-peodent nation located on one of the largest of the Caribbean Islands. Wa are less than two hours by air from Miami and only three hours from New York. Miami and Only three house house New York. With an area of 43,000 square kilo-meters, our country is somewhat larger than Denmark or Belgium. Our total population of 6.3 million incudes a labour force of more than 2 million.
- Q. What is the living environment like in your country?
- First-time visitors to The Dominican Republic are often struck by the quality and variety of amenities the А. country has to offer. Our climate is tropical, bot tha temperature is always moderated by
- cool sea breezes. Santo Domingo, our capital city, is vibrant and cosmopolitan. The city offers a wide range of amenities, first-class full-service hotels, including fine class fun-service noters, including ince restaurants and e national cuitural centre with a resident sympbony orchestra and ballet as well as e programme of visiting performing artists. World-class golf courses and other recreational facilities at the
- other recreational facilities at the Cesa de Campo tourist complex are only a short drive from the city. Also, with 5 local television stations: more than e dozen U.S. cablo stations, including a 24-hour news channel, eight local newspapers and same-day dalivery of the International Herald Tribune, Wall Street Journal, and tho Miami Horald. The foreign business-man has complete access to all the man bas complete access to all the news be needs to keep up with events in the world

Finally, while Spanish is our native language, practically overyone in our business sector speaks English. So, we are confident that visitors from overseas can enjoy e comfortable and easy setting for doing business.

- Q. What other communications linkages are there?
- We bava direct distance telephone service to the U.S. and many other



countries, as well as 24-hour cable and telex service. Air connections from Europe and the U.S. are convenient. For example Iberie and Dominicana fly directly from Europe, and there are good connections through New York, Miami and Panama.

How would you describe the political situation in The Dominican Republic?

Our country has a well-established democratic tradition. The government is organised eccording to the tradiis organised eccording to the tradi-tional division of power among the executive, legislative, and judicial branches. The President, who is the head of state, is elected every four years through universal suffrage.

What does The Domincan Republic have to offer to the foreign investor?

First of all, the country offers special First of all, the country offers special advantages to a European Company interested in penetreting the U.S. market. Wa are a beneficiary country of tha U.S. Caribbean Basin Initiativo Programme. This means that most products from The Dominican Re-public can enter the U.S. duty-free provided that at least 35 per ceat value has been edded in The Domini-can Republic. can Republic.

can Republic. Second, we believe that our country is highly competitive in terms of the tax incentives we offer for foreign investment in tourism, agroindustry,

and manufacturing for export. Finally, our production costs ere low and the productivity of our workers and the productivy of our workers is high. The average manufactur-ing wage is only US\$0.54 oer bour. In addition, many foreign concerns claim that the output of their Domini-can workers matches and frequently exceeds that of their plants in their home countries bome countries.

How successful has the country been in attracting foreign investment? Q.

٨.

In the last two years, 40 naw agri-business ventures, with a total invest-mont have been registered. In our duty-free manufacturing zones, 39 new operations were started up.

These new ventures represent e total investment of more than US\$100 million and will create more than 15,000

15,000 jobs. We think that our record proves we that the international market place increasingly finds that The Dominican Repoblic is an ettractive and profitlocation.

Q. Tell us more about your Duty Free Zone Programme.

Zone Programme. With nearly 20 years' of experience in managing Duty Free Zones we have the most well-developed pro-gramme in the Caribbean region. Our free zones now include 140 com-panies amploying 40,000 workers, Products includa epparel, fur coets, disposable medical products, elec-tronic components, eccessories, jewel-lery, huggage, handbags, tobacco, shoes, among others. Companies located in the free zones have no taxes of any kind and are allowed to import raw materials and equip-ment for their operation duty-free. Again, the success of our free zones is the best evidence we can offer to prospective investors regarding the ettractiveness of our country.

Q. How can our readers find our more about business opportunities in The Dominican Republic?

Dominican Republic? I would encourage them first to get in touch with the Investment Promo-tion Council. We are a private organisation created by the govern-ment to provide the first point of contact between foreign businesses and our country. Our job is to provide the information and service needed by foreign businesses to belp them assess whether The Dominican Republic fits into their investment and production needs. Our staff is ready to work with foreign companies at every step of their decision process. at every step of their decision process.

For more details about investing in the

حملت احتد للصل

Dominican Republic, contact:

INVESTMENT PROMOTION

COUNCIL

A

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oriented. The strategically located in the Caribbean within easy reach of. and with good links to, Miami and Florida, as well as the entire East Coast. Wages are cheap with only Haitian labour cheaper in the Caribbean. On the Industrial Free Zones,

On the industrial Free Zones, hourly rates of pay are being quoted at \$0.57 to \$0.85. Although there is an organised trades union movement, not all sectors are fully unionised and there is no union presence in the Industrial Free Zones (IWCs). the In (IFCs).



resolution of a complex disputo

The dispute arose out of the 1984 peso devaluation which

created problems in calculating

the rate at which dividends

with the Government.

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The brothers Alfonso and Jose Fanjul. Florida-based suger entrepreneurs, they now run the island's largest private sector corporation with interests in tourism, sugar and livestock

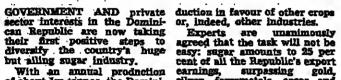
Sugar

# **Ready to diversify**

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but alling sugar industry. With an annual production of about im tonnes, the Domini-can Republic is, with the excep-tion of Cuba, the largest sugar producer among the Caribbean nations. The country has also prided itself in being the most efficient, aided by its low wage levels and its economic scale of production, which is stimulated by its large domestic market of more than 6m.

nations. The country has also of \$737m in 1985. prided itself in being the most According to the Banco efficient, aided by its low wage efficient, aided by its low wage levels and its economic scale of production, which is stimulated by its large domestic market of more than 6m. However, these factors have meant that the Dominican Republic is now only starting to do what its similar island com-petitors have been doing for The problem is aggravated petitors have been doing for The problem is aggravated years scaling back sugar pro- by the fact that the US is by far



carnings, surpassing gold, silver, ferrometals, cocoa and coffee, all of which combined to give the country some 80 per cent of its entire export income of \$737m in 1985.

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its tourism properties in Santo Domingo and a vast, rolling estate near La Romana, 90 miles west of the capital, to Messrs Jose and Alfonso Fanjul, two Cuban-American brothers with vast agriculture boldings in Florida.

The 200,000 acres comprising Gulf and Western's properties on the island are estimated in have been sold for \$200m, a figure not denied by the Kennik

Central Romana, in its first year under Fanjul ownership, produced 277m tonnes of sugar,

its lowest output in years. Mr Eduardo Martinez Lima, Central Romana vice president, said the company's aim was to diversify into tourism, mainly through its Premier Hotel Group, which owns the Sante Domingo and Hispaniola Hotels in the capital and the

# **Dominican** Republic 3

campaign.

foreigners.

to the Brazilians,

foreigners. Indeed, there is probably no better advertisement than tho all-persvasive sound of the meringue, the island's national music, whose pulsing Latin beat is as representative of Domini-can character as the samba is to the Brazilians.

Casa de Campo complex in La Romana. The hotel division is understood to be antiously seeking tourist properties in other countries.

Central Romana will always be a sugar producer, however, but no growth is forecast. Mr Martinez says. This could mean

Martinez says. This could mean some hard decisions ahead, as it is the country's largest pri-vate-sector employer, providing jobs for some 22,000 workers in the peak harvesting senson. Much of its livestock — that which is not used in bauling cane—is shead in the state dised food for employees and to service the tourism industry. It has fallen to the state Consejo Estatal de Asucar to take the lead in diversifying into other agricultural crops.

other agricultural crops. The CEA admits it has an

The CEA admits it has an advantage over Central Romana. The latter's sugar holdings are almost entirely on rough terrain not suitable for any other type of crop, whereas the CEA harvests some of its sugar from smoother terrain, some of which is now being switched to other types of agriculture. of miles away.

is now being switched to other types of agriculture. Mr Carlos Espradei, an economic consultant specialising in the sugar industry and a former Central Bank Governor, believes an optimum 30 per per cent, or 300,000 tonnes of sugar production, can be diversified into other agricul-tural production.

diversified into other agricul-tural production. For two years, the CEA, which accounts for about two-thirds of sugar production, has had a programme under way to produce pineapples, melons, tomatoes and palm oil on old sugar land. The main market is the US Eastern seaboard. Partners in these ventures are such food processors as United Brands, Dole and Castel and Cook.

the largest customer and, since 1982, has steadily scaled back its uplift. The Republic used to be abio to count on ship-ments of 780,000 tonnes per year to the US, but since 1982 this has been cut back to 280,000 tonnes. In addition, the Republic is not a Lomé Convention pact signatory, and does not have preferential access to the Euro-pean market as does some of

pean market as does some of its English-speaking neighbours in the Caribbean by virtue of their former British colonial and Cook. Washington is helping the CEA through the US Aid pro-gramme, and has provided \$20m status. The reality of the situation gramme, and has provided \$20m to finance sugar land re-development. The funds are matched by a further Pesos 90m (\$34m) allocated by the Santo Domingo Government. The funds are being loaned through the Republic's banks, whose inherent conservatism, it is hoped, will ensure that their use is maximised. The reality of the situation facing sugar producers was a factor in the decision by Gulf and Western of the US two years ago to pull out of the Dominican Republic. It sold its Central Romans sugar com-pany, which includes the world'a largest sugar-producing unit, its livestock holdings and its tourism properties in Santo Domingo and a vast, rolling

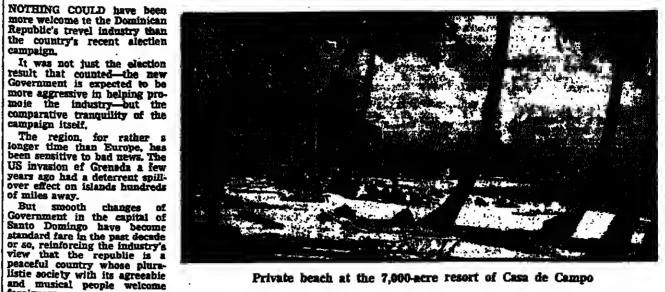
is maximised, It is believed that still more could be done. Mr Bernardo Vegz, s con-

ready being taken by Fanjul Family, the

### Frank Gray

# Tourism

# Big increase in number of visitors



### Private beach at the 7,900-acre resort of Casa de Campo

point for the growing bulk of the US, which at that time tourism market. It is helped by was the largest foreign interest improvements made to its in the country. own interactional airport and At that time, he launched the Government efforts to encourago more foreign airlines to fly into the country, despite protests spreads out over 7,000 acres 90 more foreign airlines to fly into the country, despite protests from Dominicana Airlines with its six-aircraft fleet.

Compared with other Carib-bean islands the Republic'e tourism industry is compara-tively new, having come into its own in the past decade. At the moment, Puerto Plata is thriving on the influx of Canadians who, with their own weak dollar, are entering the republic in high numbers, encouraged by the haavy devaluation of the Dominican Its growth has been so strong, peso two years ago.

however, that it is causing con-cert in Jamaica, which the republic regards as its main competitor. Jamaica takes in about \$1bn a year in tourism revenues. The Republic will revenues. The capital Itself, with its 1.5m people, is undergoing a transformation of its old quarter. It is the oldest city in the Americas, and the birth-place of Christianity in the generate more than \$400m, predicts Mr Ramon Prieto, head of the Netional Assocation of Travel Agents. New World, having been Colum-bus'e second laudfall on his first voyage in 1492,

Travel Agents. This will be about 10 per cent up on the previous year, itself 10 per cent np on 1984. Double figure growth rates ere forceast for the rest of the decade. Tourist arivals will approach 800,000 for the year, compared with over 700,000 last year, and just 278,000 in 1975. A dozen or so of its ancient battlements and official build-ings dating from that time have Mr Silvestri remained suitant and also a fermer Central Bank governor, has called on the CEA to broaden its objectives by allocating some of its sugar-producing land in mrban areas to middle and low-income housing projects, a pressing need in a country which has suffered a drift ef people to the capital, which has more than 1.5m people. Mr Vega adds that the CEA also has considerable beldings in tourist areas and, in the face of the boom in the tourism, ip-dustry, much land could be sold off to private Sector tourism.

miles east of the capital.

Initiality a playground for the wealthy, it has since been put on a more commercial footing under the management of Mr Claudio Silvestri, president of the Premier Hotei Group, which also includes Santo. Domingo's also includes Santo Domingo's two main hotois-the Santo Domingo and the Hispanioia.

An Italian, he is a veteran of Britain's Savoy Hotel and in recent years has headed the US Hystt group's hotel interests in

The broadening of Casa de Campo'a market base is being accelerated by the decision two years ago by Gulf and Western, following Mr Bluhdorn's death, to pull out of the republic entirely.

Mr Silvestri remained at the head of the complex and now runs the entire tourism interests of the new proprie-tors, the Cuban-American

Casa de Campo is by far the largest complex of its type in the Caribbean, with 228 guest rooms and 250 da luxe villas, spread roomily over the ontire estate area. It also boasts 17 tennis courts, two polo fields, horse riding facilities and more than 1.000 well-trained steeds, and a private airstrip.

Mr Silvestri says his main target is the growing incentive travel and corporate business

13

market. While most of Casa de

While most of Casa de Campo's business comes from the US, it can count on a grow-ing supply of corporate customers from Venezuela, Colombia, Puerba Rico, Canada and Europe. Mr Silvostri says that the com-plex has just signed a three-year deal with Grand Tours of Italy, a travel unit of the state-owned ENI group, which will mean somo 36,000 customers from Italy over the next three years. Several thousand Canadians will Several thousand Canadians will also use the Casa de Campo in the next few years as a result of a similar deal signed with the

Sun Quest group of Toronto. He does not take lightly the

He does not take lightly the competition from smaller re-sorts in the Barbados Sandy Lane area and Jamaica's Frenchmans' Creek, but says the real competition is from Hawaii, Puerto Rico and Monte Carlo. While Casa de Campo is at the high end of the tourism scale, its own room nights will have expanded to 135,000 by next year compared with 49,000 evailable in 1983. One factor above all is responsible for the growth throughout the country'e teurism sector, Mr Silvestri states: "In many of these islands, people have to be trained to be nice; hut not hore. Hospitality is instinctive."

Frank Gray

Your Business World in Dominican Republic. **GRUPO FINANCIERO NACIONAL** 

Insurance & Banking



JOAOUIN BALAGUER'S poli-JOAQUIN BALAGUER'S pol-tical career has spanned so many years in such varying circumstances that it is almost impossible to pin a isbel on him. The man who is to be the Dominican Republic's next president will be 79 in Septempresident will be 79 in Septem-ber and is now almost blind. He has proved a remarkable political survivor, having been labelled variously an oppor-tunist, authoritarian, populist, and a brilliant tactician.

In his office in Santo Domingo there is a portrait of the late Spanish dictator, Gen. Franco. Vet Mr Balaguer is also rrance, ici ar panguer is also a literary critic and in his youth wrute an essay on the Spanish poet Federico Garcia Lorca who was killed by Franco'e side during the Civil War.

in 1965 after Mr Bosch had been ousted in a military coup and US Marines intervened. He returned in 1966 to win an election in which the Left was kept under close reign by the military, then enjoyed three uninterrupted terms until 1978 against the background of pros-perity from sugar, and major investments in public works. during the Civil War. He has produced more than 40 books covering literary works, political tracts and novels. Latterly his style has hecoma pretty turgid and the bookshops which rushed out editions in the wake of his electoral victory in May have not had so may have

His rule was marked by occasional outbursts of brutality, Right-wing terrorism and guerrilla violence. He failed to remove the military from dabbling in politics and this was one of the major criticisms levelled against him after he lost the 1978 elections. Mr Balaquer did not have in

Domingo. There he studied in whether is and went on to gain a doctorate at the Sorbonne in Paris. His political activities date be pushed to seek office again : from the early 1930s with the he was more than eager in hava. The came to be a close confidant about his continued intellectual to the founder of the Trujillo regime, Rafael Leonidas Tru-ing his election campaign when fillo. He was made first of all he could still hold big crowds. considerable assets. However, his links to this ruthless dictainship eliminated him as a likely chadidate in the he a problem hew state docu ments will be signed -- which

presidential and parliamentary elections held in 1962, that saw His natural instinct is still to take as active a part in every aspect of political life as pos-sible. However, be is more Mr Balaguer went abroad into a form of exile for four years in New York, and thus managed brief civil war that broke out

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in 1965 after Mr Bosch had

electoral victory in May nave not had so many buyers. Mr Balaguer was born near the northern town of Santiago in 1907, and after attending local schools won a place at the state university in Santo Demingo. There he studied law

titular president in 1960. Despite his closeness to the family after Rafael was assassinated in May 1961, he managed to engineer the exile of the rest of the family and the state seizure of their very considerable assets.

in theory he must read.

# Dominican Republic 4

# Coffee and cocoa

# Export earnings improve

THE TIMELY boom in the disputed value in the Domini-price of coffe and the continued steady growth in the sales of cocca will mean improved ex-port earnings for producers of the two crops which are likely one day to outstrip sugar as the Dominican Republic's two major agricultural export Coffee base been wide here here and the international quota system implemented by the member nations of the Inter-national Coffee Organisation, A valnable fillip is the rising

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Coffee has been riding high on the back of a welcome price boom that has seen it shift in the last year from a stable level of \$120 per tonne up to a bigh of \$270. This has passed and price levels are now shifting below \$170 per tonne.

The price surge, bowever, will mean temporary increase in export earnings. The Central Bank predicts coffee shipments abroad could amount to re-venues this year of \$160m, com-pared with \$90m last year. Export earnings of coccoa, generally stable now at \$1.225 per tonne against bigher earn-ings earlier in the year, will 1

per come against olgner earn-ings earlier in the year, will the Santo-Domingo commodity tarea mean a boost against 1985 shippers, say cocoa is operating plots. revenues of \$75m. at far below its potential. With While coffee is a crop of un-Along with coffee, cocca pro- firmly

Baseball

Life on the

sports pages

island's atbletes on what is playing for the Toronto Blue

ANY EUROPEAN businessman America's national sport.

A valuable fillip is the rising there are some 25,000 farms, tide of tourist and business S4 per cent of which carries tide of tourist and business S4 per cent of which operate visitors, which means higher plots of 12 acres or smaller. domestic coffee consumption. There are but a handful which Production of the crop is produce from plots larger than generally runs at 30m tonnes 50 acres in size. Cocoa harvest-per year. Productivity gains are usually measured in price rises, rather than actual refine-ment of output knowhow. Rather gratter long for the production

nent of output knowhow. Rather greater long-term is a perseived lack of produc-potential, abetted by the lack of tivity. The Dominicans use the a quota system and the beilef tarea (1 acre) as a measure, a quota system and the benck tarea (4 arre) as a measure, that many emerging countries and point out that on average bave not ret developed a taste for chocolate, hangs over the country's cocca producers. Officials at Commercial Raig, the Santo-Domingo commodity plots

shippers, say cocoa is operating plots. at far below its potential. With Government policy that major gains can be made Along with coffee, cocca pro- firmly directed towards an by introduction of modern fer-



Mr Carlos Morales during the recent election campaign. As the country's leading businessman and new vice-president, he will be responsible for implementing the policies of President Balaguer

implementing the policles of President Balaguer improvement in export earn-ings-especially in the face of a floating, albeit reasonably stable, currency-a productivity improvement in such a vital crop is an important objective. This will not be easily over-come given the country's 25 per cent unemployment rate and a distinct lack of appetite to undertake dramatic rationalis-ation of the farming industry. Shippers believe, however, able production. able production.

ism in the trade policy.

the all-too-frequent burricanes, means that its electricity facili-

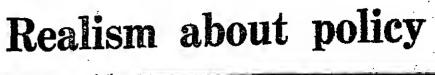
Add to this the country's Frank Gray

With sugar as the main cash crop, but one which bas suffered from declining consumption and drastically reduced prices for years, the instant prognostica-tion is that the country bas serious trade problems. Few economic planners dis-agree that there is an important battle to be waged to broaden and diversify, but the main hurdle—the decision by the Central Bank to let the peso, previously tied to the US dol-lar, float—has been jumped. The result was a fall in the value fo the peso to a 3.to.1 level against the dollar, then its recent recovery to a level of about 2.To.to.1. With oil, the republic likely would have a massive debt crisis; without it, it was able to arrange a rescheduling earlier this year with the International Monetary Fund and after im-plementation of a severe austerity programme. The island for some years has had a severe import substitu-tion programme—many well-known consumer goods, such as cigarettes and beer, are pro-

cigarettes and beer, are pro-duced under licence—in order to carb insports of non-essential

In the 1960s, it began to set up free trade zones. Although this programme remained embryonic for many years, it is beginning to move quickly ahead now, aided by Washing-ton's Caribbean Basin Initiative,

ton's Caribbean Basin Initiative, which provides duty-free access to the US market for a wide range of Caribbean goods-There are some five "work-ing" zones in the country now, and in all about 150 foreign



Trade

HALL MOULT AND SO ...

THE UPS and downs of the world oil market in recent years have had a selutory benefit on the otherwise carefree Domini-can Republic in that it has brought bome a sense of real-ism in the establishment of

The Republic is not an nil producer and relies on major suppliers, such as Venezuela and Mexico, for most of its energy needs. It is helped to some extent by its own capacity to produce bydro-electric energy, but heavy silting, and the all-too-frequent burfleanes. ties are operating at about 50 per cent of capacity.

longstanding retiance on agri-cultural and mineral exports. which generate about 80 per cent of all export earnings. With sugar as the main cash crop, but one which bas suffered

trade sanctions, Factories in Sanitago de los Caballeros, the Republic's second city, turn out millions of hand-made cigars a year for the US market. One marque is

called the Habanera, which serves to tweak the nose of Cuban cigar merchants unable to sell into the US.

sell into the US. At the same time, bundreds of thousands of litres of rum are exported north. Although faced with the dominating com-petition of the expatrate Cuban Bacardi family, such brands as Bermuduez rum find ready out-lets among the estimated 1m Dominicans living in the US. Although the sugar trade is

Although the sugar trade is suffering, the US still takes the lion's share of what the Repub-lic produces—some 230,000 tonnes of sugar went to the US last year. The US supplies a similar modu market for collar

companies are providing work to 40,000 labourers in export-oriented industries;

Cigar production. Millions of handmade cigars are exported to the US The thrust of the Govern- available two or three times per ment's trade policy has been to week." In all, the US takes in about encourage investment in export-oriented industries; the domestic economy, with a not-able lack of disposable income, simply is too weak to support policies that boost imports. To a large extent, the Repub-lic is now in a position that should be occupied by Cuba, were it not for the Castro Government and 25 years of US trade sanctions. encourage investment in export-In all, the US takes in about 70 per cent of the republic's ex-ports, which last year totalled just over \$800m. It supplied some 45 per cent of the island's imports, a figure likely to in-crease given the falling price of Venezuelan and Mexican of.

Tourism, which is regarded as the major growth industry for the rest of the decade, will gen-erate more than \$400m in for-

erate more than \$400m in for-eign exchange this year, against mostly from the US. Germany and Japan, largely through car and electronic goods sales, are European leaders in the domestic market, but collec-tions. tively ship just \$100m in goods to the Republic, while hfting even less.

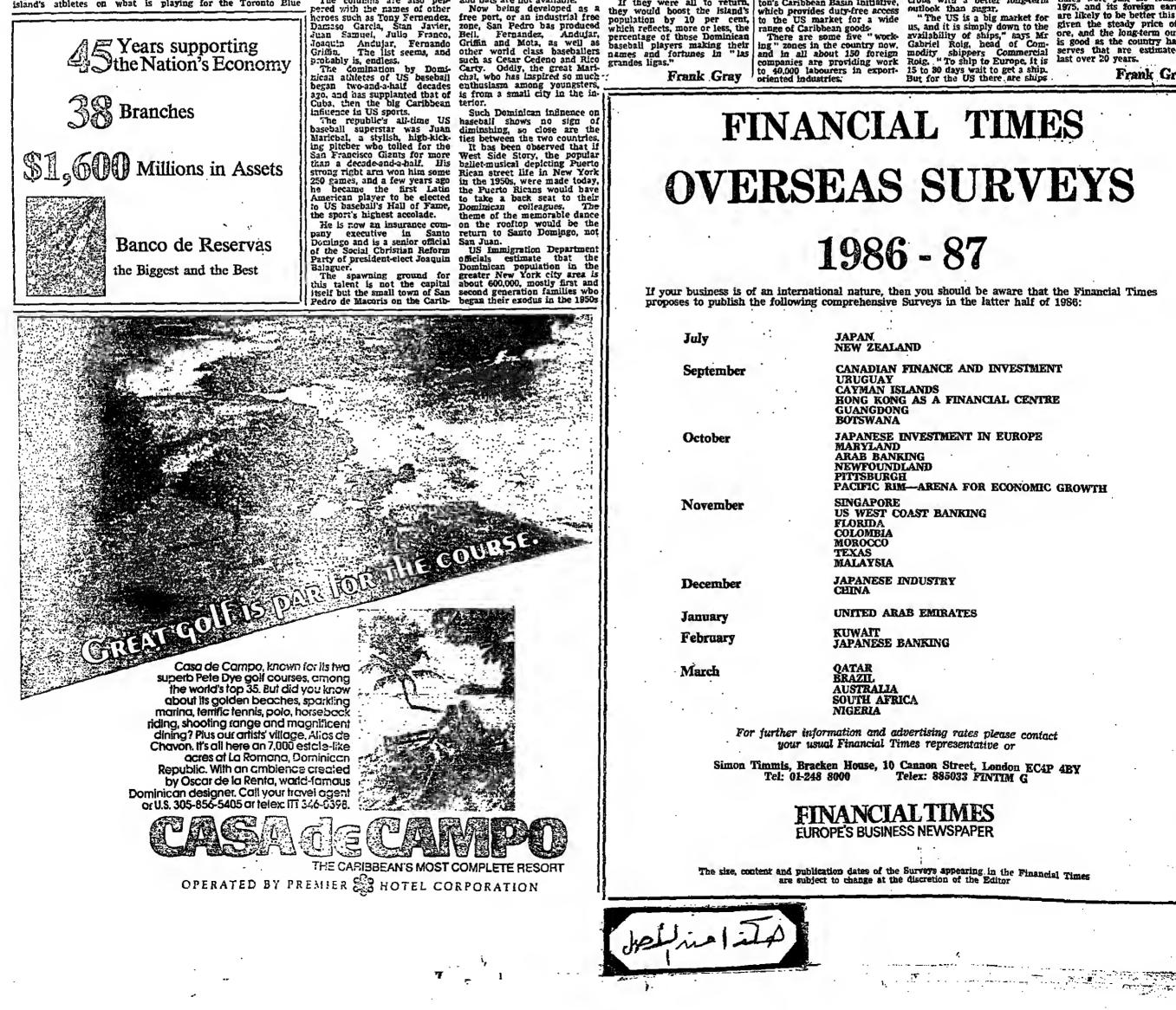
The UK, which once domi-nated the car industry-wit-ness the countless Morris Ox-fords and Austin Cambridges of a generation ago on Santo Domingo's streets—now trade less than \$25m in goods per year with the republic, most of it in

Not to be overlooked is gold, the island's one, true inter-national commodity not so tied to a single marketplace.

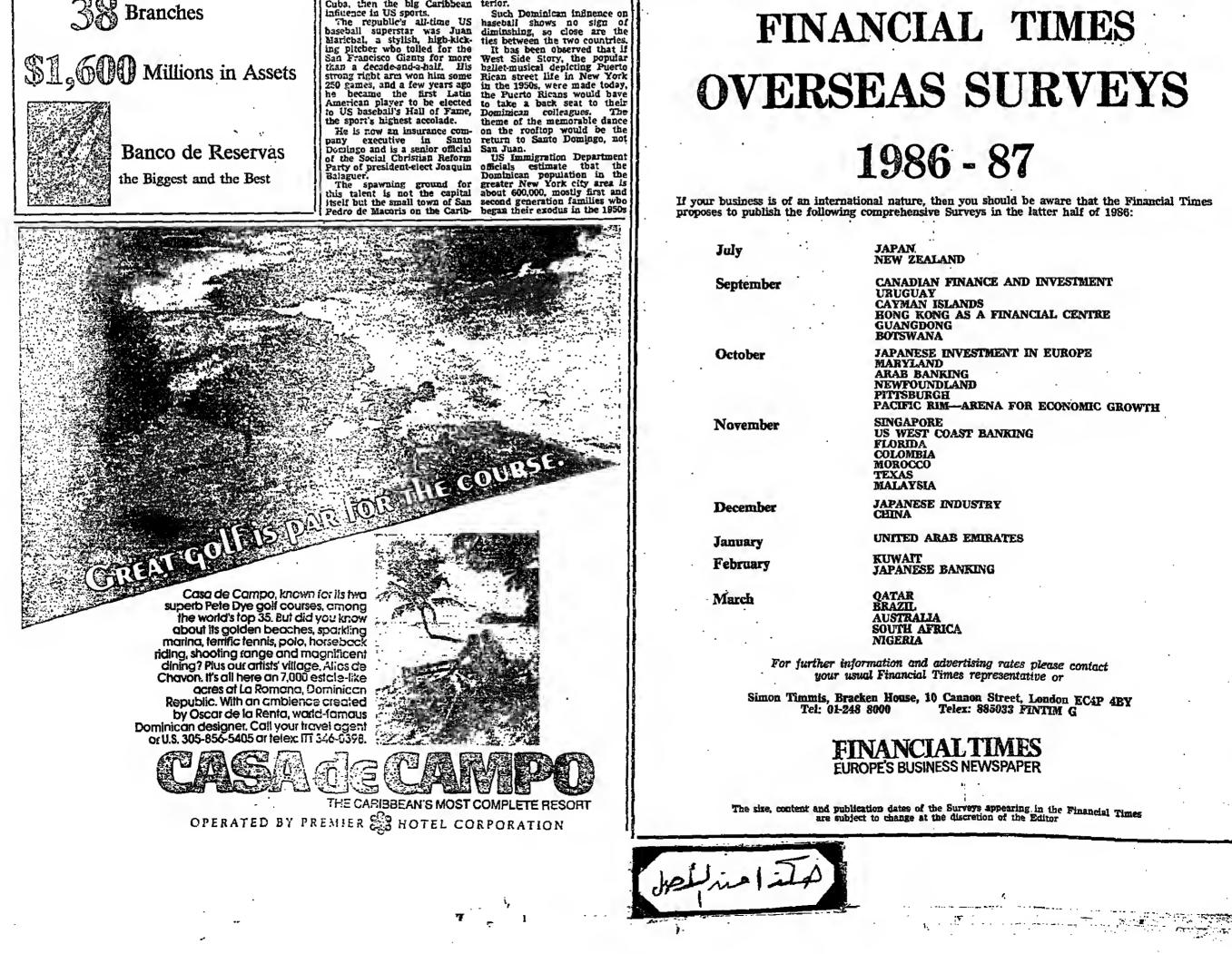
With sales of 10.4 tonnes last year, it was Latin America's last year. The US supplies a similar, ready market for coffee and cocoa, two other staple crons with a better long-term outlook than sugar. "The US is a big market for us, and it is simply down to the availability of ships," says Mr Gabriel Roig, head of Com-modity shippers Commercial 15 to 30 days wait to get a ship. But for the US there are ships "With sales of 10.4 tonnes instruction of the set of the set year, it was Latin America's fourth largest gold shipper. Sales were just 3.0 tonnes in are likely to be better this year given the steady price of the ore, and the long-term outlook is good as the country has re-serves that are estimated to last over 20 years. **Frank Gray** 



Baseball; an essential part of Dominican life



Jays and reckoned to be one of the sport's potential super stars. The columns are also pep-pered with the names of other Now being developed as a they would boost the island's



If they were all to return, they would boost the island's population by 10 per cent, which reflects, more or less, the percentage of those Dominican

baseball players making their names and fortunes in "las grandes ligas."

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# **UK NEWS**

# Stable output prices boost low inflation hopes BY GEORGE GRAHAM

cost of its fuel and raw materials. Output prices stood 4.5 per cent higher in June than they had 12 months earlier, the Department of Trade and Industry (DTI) said yes-terday. That compared with an in-crease of 4.6 per cent in the year to May.

Input prices, by contrast, were provisionally estimated to have fall-en by 1.2 per cent in June, or 0.7 per cent after seasonal adjustments. That left prices 8.4 per cent lower than they were 12 months earlier, compared with 8.7 per cent lower in the previous month.

AVESTMEN

MANUFACTURERS' output prices remained unchanged in June, boosting the Government's hopes of keeping inflation low in coming mouths. Industry's output prices continued, however, to outstrip the cost of its fuel and raw materials. Output prices should 45 per cent

their input and output prices. Man-ufacturers of artificial fibres, for ex-

drink and tobacco industries collec-tively saw their fuel and raw-mate-rial costs fall by 1.2 per cent in June compared with a fall of 0.9 per cent in the costs of other sectors of man-ufacturing industry. The continued slide in oil prices was expected to improve producers' costs further in coming months al-

**Pound hopes for a soft landing** 

THE POUND has slid so far and so fast since the middle of last week that financial markets have been moved to the sort of apocalyptic language usually reserved for a full-blown starling crisis, George Graham writer.

"Catastrophe point may have been reached," commented stock-broker Phillips & Drew yesterday, while even the more cautious analysts began to predict an end to the steady succession of cuts in UK interest rates since this year's budget in March.

Sterling exchange-rate index has fallen by 2 points in three trading days, the sudden decline prompted by the precipitous fall in oil prices. As prices plunged through \$10 a

began to recall the pound's stains as a petro-currency. Yet for the past four months, the Conservative Government has been able to persuade the markets that the effect of lower oil prices on the UK economy is "broadly neutral-if anything, slightly beneficial." Treasury economists argued that North Sea oil and gas represented only 5 to 6 per cent of the UK's na-tional income. 8 we cent of the the income

system.

As prices phaged through all a barrel, corrency traders suddenly began to recall the pound's status as a petro-currency. Yet for the past four months, the Conservative Government has been investors that the markets that investors have begun to wonder the past four the markets that investors have begun to wonder this year.

said, consumers and maustry would benefit, since lower oil prices would encourage higher world inflation. The UK would gain, although by less than its main industrial compe-

surplus is likely to be considerably

Since world economic activity has taken much longer to respond to the stimulus of lower oil prices than most forecasters had expected, the eventual benefits of increased world trade are as yet nowhere to be seen. Indeed, exports to mem-bers of the Organisation of Petro-leum Exporting Countries have suffered.

The depreciation in sterling that would help the UK economy to adjust by increasing the competitive-ness of its other exports has been slow in coming. On a trade-weight-ed basis, the pound's value is now only 6.6 per cent lower than its av-erage for 1985. erage for 1985.

erage for 1985. Now that the adjustment appears to be in progress, however, White-hall officials are treating it as no cause for immediate concern, so long as if proceeds steadily. An ar-cessive decline in starling, however, might jeopardise some of the ad-vances made in reducing the rate of inflation, so the authorities are ex-metted to proceed towards lower inpected to proceed towards lower in-terest rates even more cautiously than in recent weeks.

while the collapse in oil prices would reduce those revenues, they said, consumers and industry would benefit, since lower oil prices would

# Branson unveils his campaign for the greening of Britain

### BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

MR RICHARD BRANSON, the mil- terday's launch, which took place in lionaire rock-record chief, airline Dean Clough Industrial Park, a renentrepreneur and transatiantic ovated, formerly derelict complex of speedboat racer, yesterday unveiled old mill buildings deep in the heart "UK 2000", a Government-backed of Halifax. That now houses 140 body that will campaign to make small businesses employing more Britain greener.

Mr Branson will chair the organi- cleaning up the buildings created

and braining of the stand of th jobs under the Government's com-jobs under the Government's com-munity programme into clean-up and "greening" projects New government money will invited audience for the entrance of amount to £750,000 to pay the run-the bronzed and casually dressed amount to £750,000 to pay the run-the bronzed and casually dressed amount to £750,000 to pay the run-the bronzed and casually dressed amount to £750,000 to pay the run-the bronzed and casually dressed amount to £750,000 to pay the run-the bronzed and casually dressed amount to £750,000 to pay the run-the bronzed and casually dressed amount to £750,000 to pay the run-the bronzed and casually dressed

amount to £750,000 to pay the run-ning costs. The community pro-gramme jobs will cost £22m in "new" as better directed and coor-dinated. The aim is not just to clean up Britain, but to wips out dereliction and bring more green into cities, making districts more attractive and, the Government hopes, creat-ing new opportunities that the pri-vato sector will seize. As the name implies, the project will last at least

implies, the project will last at least clean op has been diverted from k-real authorities denied adequate re-

14 years. The value of appointing Mr Bran-son, a charismatic figure with youth appeal, was demonstrated by yes-the House of Commons yesterday.

# Surveyors vote for stock-market access

### BY ANDREW TAYLOR

CHARTERED SURVEYORS yes. terday voted to change the rules of their governing professional body to allow members to become public quoted companies or subsidiaries of larger groups.

forced by growing competition for business within the financial-ser injections of outside capital availbusiness within the imancial ser-vices sector. They will allow com-mercial and residential estate agen-cies greater freedom to issue shares and marge with other companies. Members of the Royal Institution - Chapter of the Royal Institution

of Chartered Surveyors voted by 92 per cent – although only 10,000 of the 55,000 membership voted – to end restrictions preventing agen-cies from issuing more than 25 per cent, of their spinial to oniside shareholders. O RETIREMENT ALL PLATE CON ALCH.FIC

Austin Rover faces US EXEMPI challenge on car name

larger groups. The institution last night wel-The rule changes have been comed the decision and said; With

Loyalist July

This massive investment will not only improve the quality of service to our customers in terms of deaner, faster, more reliable trains, but will also be good for British Rail in reducing both

over two billion pounds to develop and renew our vital railway.

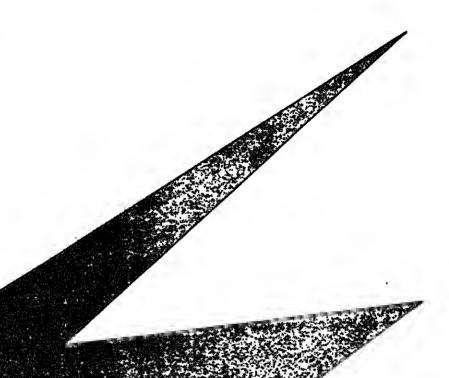
Between now and the end of 1991, British Rail is investing

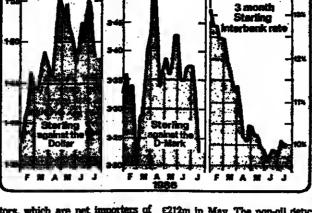
running and maintenance costs. And it will be good for British industry by showing that, given investment confidence, we have both the technology and the ability to do the best job in the world.

Over £500 million is being invested in extending our programme of electrification in nine separate projects. This investment is financed entirely by the Board out of its own resources.

The largest of our electrification schemes is on the East Coast Main Line between King's Cross, Leeds and Edinburgh. Fifteen million passengers per year will benefit from the improved system and over 3,000 jobs, many in the private sector, will be required to complete the project.

The benefits of BRs investment





AUSTIN ROVER is involved in a ttle about the use of the name plication to register it.

11 : 2 VOB 57056 C. B US early next year. The Bover Group (formerly British Leyland) subsidiary said negotiations were

the final trimming. It calls one ver-sion of the London cab the Sterling

day marches, but Sir John Hermon Sterling for its new executive car in head of the Royal Ulster Com the US, Kenneth Gooding writes. lary, said common sense an le US, Kenneth Gooding writes. lary, said common sense and res-London Coach, a company based traint had prevented the scale of in Michigan, has objected to Austin Rover's use of the name and, as a result, the US patent office so far has rejected the UK company's ap-nlication to resister it the affairs of the province.

plication to register if. However, Anstin Rover said yes-terday that the name would be used and the launch of the Sterling, known in the UK as the Rover 800, would go ahead as planned in the We would not be the Rover 800, known in the UK as the Rover 800, known in the UK as the Rover 800, hartin, a 39-year-old Briton, as its next secretary general and chief ex-ecutive of the movement, which has the next secretary general and the secretary general and the secretary the next secretary general and the secretary general and the secretary the next secretary general and the secretary general and the secretary the next secretary general and the secretary general and the secretary general and the secret secretary general and the secretary general and th 500,000 supporters world.

subsidiary said negotiations were world. in progress with the US company. London Coach imports to the US to British Telecom's main network. London black taxi kits from the is to introduce its first local call ser-Carbodies company in Coventry, in-stals engines that meet US emis-sion requirements and completes er than scheduled.

TRUSTRE Savings Banks will be formally transferred to the private sector next week as part of the pre-parations for its stock-market flota-D NORTHERN Ireland experi-

enced more violence on the last tion, MPs were told.

### UNION DE BANQUES ARABES ET FRANCAISES-U.B.A.F.

U.S.\$65,000,000 Floating Rate Notes 1980-1990

In accordance with the conditions of the Notes notice is hereby given that for the six-month period 15th July 1986 to 15th January 1987 (184 days) the Notes will carry an interest rate of 7% p.a.

Relevant interest payments will be as follows: Notes of \$1,000 U.S.35.78

CREDIT LYONNAIS, Lavenbeurg

Fiscal Agent.

### D Oy m Fund of Fig 0,000 81% Bonds 1977 (81-87)

# British Rail announces current investment of a week.

programme are already becoming apparent. The fastest journey time between Charing Cross and Hastings, for example, has already been reduced by over 14 per cent.

The enthusiasm and commitment both of our own staff and of our suppliers and contractors in the private sector have brought the completion date for the first stage electrification of the East Coast Main Line five months ahead of schedule.

Each week, right now, 500 tons of structures and 10,000 overhead power equipment fittings are being delivered to us by private contractors. Each week new bridges are being built and miles of new, high-technology fibre-optic cables are being laid.

This is the most exciting period of renewal on British Rail for more than a generation. Two billion pounds of investment will ensure that, by the end of the decade, British Rail will not only be the most cost-effective major railway in Europe but also one of the most successful, offering continually improving standards of service.

**UK NEWS** 

# Mitsubishi Canter truck to be assembled in Ireland

enter the UK light truck market with a vehicle assembled in Ireland, Kenneth Gooding, Motor Industry Correspondent, writes.

16

A 3.5 tonnes gross weight chassiscab version of the new Mitsubishi Canter truck arrived in Britain yesterday. The importer, Colt Car, is to pay for the technical tests necessary before it can go on sale in the

The Japanese industry has an unofficial agreement with the UK So-

MITSUBISHI of Japan is likely to ciety of Motor Manufacturers and Ireland than fully built-up from Ja-Traders not to export heavy trucks pan," Colt explained. (over 3.5 tonnes) directly to Britain. Although the recently introduced

Colt, based at Cirencester Glou- Canter - which has a new tilting cestershire, and 49 per cent owned cab more suitable to European deby Mitsubishi, said yesterday it was mands - will be put through the not its aim to circumvent the agree technical tests. Colt said that did ment by bringing trucks in through an Irish "back door". not necessarily mean it would be

"There is some demand for us to extend our commercial-vehicle range but the small numbers we would expect to sell make it more sensible to bring the trucks in from Japan

sold in the UK. The vehicle was just the subject of a feasibility study. The Canter trucks will be assembled in Ireland by MNC Commercials of Dublin from kits sent from

Colt caused some controversy in measured by ex-factory value. How-1982 by importing to the UK under ever, the Lonsdale project was not a the name of Lonsdale cars built at success and no Australian cars Mitsubishi's factory in Australia, were imported last year. the middle of 1983 when the British for heavy vehicles and brought

Some observers argued that that Precedent for the non-direct shipwas in contravention of the "gentle-men's agreement" between the UK and Japanese motor industries, which limits car shipments from Ja-est

**HCV** Motor Vehicle Distributors. Colt insisted that the Lonsdales the importer based at Warrington were not Japanese as they had an New Town, sold more than 350 Hino 85 per cent Australian content, trucks in the UK between 1980 and

sales to a halt.

Mr Lism O'Neill, managing direc tor of HCV, said yesterday that two trucks had already successfully been put through type approval and a third would be shortly. Sales started again recently and HCV hoped to sell about 100 heavyweight Hinos this year.



# New coal-fed power stations may meet electricity demand

### BY MAURICE SAMUELSON

BRITAIN'S ELECTRICITY indus- The CEGB says that Drax extentry is likely to seek planning per- sion, recently completed at a curmission early next year for two big rent cost of £926m, was built on time and within its original budget coal-fired power stations in south-ern or south-west England, whether or not it receives approval for its Drax, it would hope to do even betfirst pressurised-water reactor at ter on the new power stations. gland whether the stations should consist Sizes

of England They would be the first to be or- of two 900 MW generating units, in-dered in Britain for about a decade stead of the three 660 MW units. and would increase the electricity which are the biggest so far built in industry's coal consumption by Britain British boiler and generator sup nearly 10m tonnes a year. As coastal or river-front stations, they pliers have experience in building

would be capable of hurning import-ed coal, an important factor in fu-beneficiant over British coal. ture bargaining over British coal. The Central Electricity Generating Board (CEGB) says it is designing the two new 2,000 MW stations believed to be r The sites in which the CEGB is

ing the two new 2,000 MW stations because of higher growth than ex-pected in electricity demand. They would be sited in the south of Eng-land to ease the strain on the dis-tribution system in that part of the ing on the Thames. An inland site is country.

The plans do not conflict with the ton, in the Midlands, is thought CEGGB's firm commitment to ex-likelier. than Didcot, Berkshire, pand its nuclear capacity, which at which was named in a weekend pressent supplies almost 17 per cent press report. of its needs. But if Sizewell is approved and commissioned, as planned, in 1994-95, the CEGB would still aim to bring the two new coal plants on stream about a year

coal stations to be commissioned in Britain since the late 1970s when Mr Tony Benn, as Labour's Energy Secretary, ordered the CEGB to double the capacity of its 2,000 MW station at Drax, North Yorkshire.

The CEGB is unlikely to win per mission without a local planning in-quiry, but resistance to coal-fired power stations can hardly match that which has held up the Sizewell

not excluded, although West Bur

later. nuclear project. The new plants, expected to cost Hostihity of the environmentalist up to Elbn each, would be the first kobby will also be moderated if, as is expected, the CEGB agrees to equip the stations with anti-pollution fea tures to reduce their emission of sulpbur dioxide and nitrous oxides. -Prices accusation, Page 18

**Profits rise by 20%** at Robert Fleming

### BY BARRY RILEY

centre in the world."

Prosper as a whole.

Revaluations of assets have

boosted Fleming's balance sheet, with capital and reserves up from

£118.1m to £195.3m. Listed invest-

and the 59 per cent stake in the unquoted Save & Prosper group has

been included at a new directors' valuation of £43.8m - effectively putting a value of £74m on Save &

ents are taken in at market value.

A BREAKTHROUGH in profitability of the corporate finance departing pay levels are disclosed, with a ment was said to be the significant jump of 69 per cent in aggregate feature of the 1985-86 performance management remuneration, includof Robert Fleming Holdings, the ing pension contributions. The privately owned merchant banking number of directors earning more group. Yesterday it reported a 20 than £100,000 last year increased per cent rise in profits after tax, mi- from three to 15, and Mr Burnettprivately owned merchant banking group. Yesterday it reported a 20 nority interests and transfer to inner reserves for the year ended

Stuart's own reminneration as chairman rose from £132,000 to £204,000. March 31 1986. Fleming's big corporate finance deals last year included the defence of the Distillers Company, the flota-tion of Wellcome and the promotion of Wellcome and the promotion of the Stock Exchange in October. of the Channel Tunnel Group. The That operation was fundamentally department has continued to be bu-profitable, allowing for its tempor-

Sharp increases in Robert Flem-

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Financial Times Tuesday July 15 1986



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Joe Burnett-Stuart, chairman, side the State in standing out-in his second standing outsy in the current year. said in his annual statement that work. For the time being, Fleming the group was "as well prepared as continued to have to bear stamp duany to grasp the opportunities which will come with Big Bang in ty and brokers' commissions on some transactions. London and with the other change no less important, in every financial

The overall profitability of securities dealing and broking, including foreign stocks, was good. There was also an "extremely good" trend in the investment management side where Fleming earned half its total revenues - both in terms of good investment performance and success in gaining new business.

Fleming did not intend to follow Morgan Grenfell, the merchant bank, and seek a Stock Exchange listing as a source of finance.

# **Management buy-outs** at £930m for 1985 BY WILLIAM DAWKINS

MANAGEMENT buy-outs are taking place in the UK on a far larger scale than figures have suggested, according to the University of Nottingham's Centre for Management Buy-Out Research.

It estimates in a study that £930m worth of management takeovers took place in Britain last year, bringing the total since 1979 to £1.9bn.

Mr John Coyne and Mr Mike Wright, the centre's directors, said there were 227 buy-outs last year, increasing number of deals quietly worth an average of 24m each, financed by straight bank loans against 210, worth £1.2m each, in through clearing bank branches could investment

Their full findings will be pub-lisbed in September by Venture Economics, the US research consultancy. The Nottingham figures are nearly 15 per cent above earlier estimates by Peat Marwick, the accountants, mainly because they in-clude buy-outs that are either too confidential or too small to be announced.

The centre says that even its own figures might understate the size of this fast-growing phenomenon be-cause it is hard to keep track of the equity investment

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# HOW RICHLY DO YOU DESERVE YOUR 1986 JAGUAR?

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Opt for the Junior Superior, and you'll find its appointments an accurate reflection of your own achievements. The unbient superior of upholstery. The quiet glimmer of burr walnut on dashboard and door-cappings. The inclusion superior and conductioning The philharmonic quality of the stereo system. The authority of a classic six cylinder, fuel injected 42 litre engine or the awesome 53 litre V12,

both producing ample power to minimise driving hazards, and seemingly to diminish every other vehicle on the road. The uncanny blend of balance and unobtrusiveness in handling.

For 1986, we ve even managed some refinements.

5

A somewhat lighter interior, employing doeskin pillar trim in place of the black used hitherto. The choice of four distinguished new exterior colours, with matching coach lines.

Headlamp wash/wipe as standard on both models. Etched stainless steel front and rear the indeplates. (We make intrapology. To a Sovereign driver, the quality of the treadplates is of importance.) And when you consider that a new Sovereign provides all this at a cost measurably less than that demanded for comparable motor cars, you'll agree that the decision to choose a Jaguar is in itself a laudable feat

After all, a Sovereign as always been a sound investment.

# JAGUAR The legend grows

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A member of Midland Bank Group ard Trust Technary Services, 145 City Road, London ECLY 115 Telephone: 01-568 2333. Teles: 8952620.

# Financial Times Tuesday July 15 1986

£10bn

By James McDonald

Be

# **Tourists** UK accused of failing to spend honour electricity pledge a record

ELECTRICITY TARIFFS

FOR STEEL WORKS (Peace per klowatt boar)

27

23

2322

25-3.0

Source: British Steel / British Independent

INDUSTRIAL "FIRM" GAS PRICES

34 33.5

29.25 35-39 29.7

which have long argued that their most energy-intensive sites face higher energy bills than many of

their European counterparts. The Energy Department strongly denies that Mr Walker sought to

mislead the public, and says his cri-

Belgius West G

Oct 1965 July 1986

Oct 1965 July 1986

27

1.3 2.4 2.6

25-3.0

30-34 24.7 16.7

19-26

The fund, established in 1975, is Portugal, the newcomers to the

**UK NEWS** 

### BY MAURICE SAMUELSON

MAJOR INDUSTRIAL users of electricity in the UK are accusing the Government of failing to hon-our a pledge that electricity tariffs would be cut to reflect a cut in the price of power-station coal and fall-ing world oil prices.

and and the state of the state

Although domestic and most commercial and industrial customers are better off, they say that for the high-load consumers, electricity ta-riffs are only 1 to 2 per cent lower than a year ago, compared with the 7-8 per cent reduction announced five weeks ago by Mr Peter Walker, Energy Secretary. (Mr Walker was commenting on the £600m cut in the power station coal over the next two years.) Mr Alan Marriott, a director of the Paper and Board Industries

Federation, says that as a result of Mr Walker's statement, the buyers of British-made paper were asking why they were not benefiting from the promised 7-8 per cent electrici-

We have to tell them that Mr Walker's statement was a political con," says Mr Marristt. For some smaller sites, electricity tariffs had actually increased. His complaint is echoed by other

tics fail to take into account the can-cellation of the 5 per cent tariff increase for electricity scheduled energy-intensive industries, includ-ing steel, chemicals and cement, from April 1.

Steel inclusivy sources

# Brussels allocates £26m regional aid BY PAUL CHEESERIGHT IN BRUSSELS

national quota basis.

The UK has consistently been the

WALES WILL receive more funds than any other British region from designed to assist poorer regions of this year's fifth allocation of cash the Community, but most of the from the European Community's re-money disbursed is granted on a gional fund It is providing £26.3m to assist in-

second largest beneficiary in the Community, after Italy, but latterly has been supplanted by Spain and dustrial and infrastructural proj-ects throughout Britain, of which £9.69m will go into Wales.

# Export sales of mining equipment reach peak

### FINANCIAL TIMES REPORTER

EXPORTS OF mining equipment sult of the completion of large pro-

were a record £213m last year, the jects in Asia in 1984. Association of British Mining As in previous years, the biggest Equipment Companies (ABMEC) export market was the US, where says. The figure was 9 per cent up sales were up by nearly 60 per cent on the previous year's £196m.

South Africa, with £22m

ABMEC said Europe became its

second largest business area for the

first time last year, accounting for

\* Rate at time of going to press

FT 15 7

The Electricity Council, for its part, points out that further tariff reductions may be announced later in the year as a result of a price re-

TOURISTS FROM within Britain and from overseas spent a record view currently in progress. Energy-intensive companies that £10bn in England in the year to pay more than their European competitors are also disappointed March 1986. That was Elbn more than in the previous 12 months, the English Tourist Board (ETB) said in its annual report.

by the continued delays in imple-menting a special cheap electricity scheme to remove such inequali-Of the extra Elbn, £750m came from overseas visitors, who spent a total of £4.93bn. British tourists on

It would have involved supplying power stations with 4m tonnes of holiday in England spent C5.08ba -C275m more than a year before. coal a year dedicated to cheaper power for large industrial sites that use electricity 24 hours a day. The Central Electricity Generating Board and the coal industry are "After an eccouraging first three months of growth, visitor numbers from North America fell by 19 pe: cent in April compared with the same period last year," said Mr Duncan Bluck, ETB chairman. said still to favour the deal, but the Electricity Council, the electricity industry's umbrella body, shows "Great efforts have been made by the tourist boards and the industry marked lack of enthusias

Industrial-gas prices in Britain to counter this decline and there are also a source of grievance. Prices of gas sold on interruptible have been strong signs that this market is recovering and that the downturn was temporary." Mr Bluck said there were still contracts, where customers may switch to other fuels, have fallen many "who believe that a job in the sharply. tourism industry is in some way

But customers tied into firm supply contracts have enjoyed relatively little benefit since last October, in contrast with those in Continental countries, where some prices have been more than halved.

The aim of the fund is to assis

small projects, so the money going to Britain is thinly spread

of those who think in this way." • The British Museum was the main tourist attraction in Londco last year, according to figure re-leased by the London Visitor and Convention Bureau (formerly the London Tourist Board).

less of a job than one in a manufac-

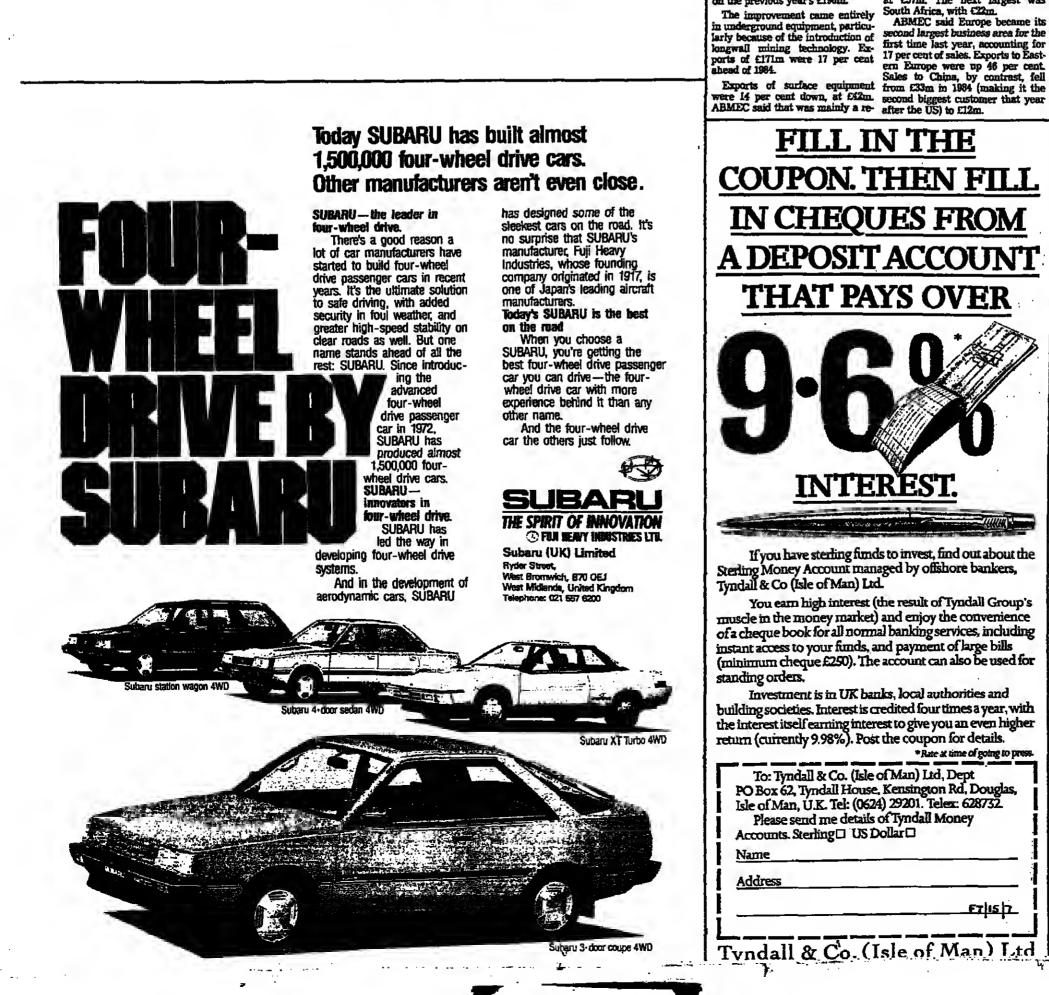
turing industry. All of us need to work hard in changing the attitudes

In its list of the top 10 visitor at-tractions in 1985, the British Mu-seum took in 3.8m visitors. The Na-Community, and Greece. In Ecuterns, this year the UK has re-ceived 77.1m, against 479m for Spain, 318.2m for Portugal, 270.3m for liaby and 121.2m for Greece. tional Gallery had a total of 3.2m viewers and the Science Museum 2.7m visitors. The Natural History

Museum	came fourt	h, with	2.6m
English	Tourist Boo	nd, an	nual re-
	end-March		
ment D,	4 Bromells	Rood,	London
SW4. C5.			

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# . Notice of Redemption AMOCO COMPANY ed by Amoco Cor



### STANDARD OIL COMPANY) (an indiana corporation) 81/2% Debentures Due 1988

NOTICE IS HEREBY GIVEN that, pursuant to Section 3.01 of the Indenture dated as of August 16, 1973, as amended the Indenture, between Amoco Company the Company, Amoco Corporation (formerly Standard Oil Company 1an Indiana corbotation)) and Chemical Bank, as Trustel (the Trustee), the Company has elected to redeam through uppration of the sinking fund and will redeem on August 15, 1956, the Redemption Date, \$905,000 principal amount of its 81/2% Debentures Due 1988 (the Debentures), at the redemption pate of 100% of the principal amount thereof plus accrued interest to the Redemption Date.

The sensi numbers of the Debentures which have been selected for redemption (each bearing the prefix letter "P") are.

On and after the Redemption Date the Debentures designated above with become due and pavable upon presentation and surrender thereof, with all coupons maturing subsequent to August 15, 1965 attached, either at the Corporate Trust Tellers of the paving agent, Chemical Bank, SS Water Street, New York, New York 10041 or at the main offices of Chemical Bank in London, Brussels, Para, Frankfurt an Main and Zurich, or at the main offices of Citibank, N.A. (formerly First National City Bank) on Amsterdam, Milan, Rome and Tokyo, or at the main office of Kredistbank SA. sie in Luxembourg.

rest on the Debentures so designated for redemption shall cease to accrue from and ar the Redemption Date All coupons maturing after said date which appendian to such bentures shall be vold. Coupons maturing on August 15, 1986, and prior thereto, puld be detached and surrendered for payment in the usual manner.

AMOCO COMPANY rical Bank, Truster By: Che

Holders of the Debeniuses presenting Debeniures for redemption to the New York pay easint will be required to comply with the Interest and Dividend Tax Compliance Ac egent will be required to comply with the interes 1983 on or before the date of such presentation.

Daled July 15, 1986

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# FT COMMERCIAL LAW REPORTS

# Bank's demand for unspecified sum is valid

BANK OF BARODA V PENESSAR Chancery Division: Mr Justice Walton: July 7 1986

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WHERE A debeninre pro-vides for repayment of the sums secured "on demand," the demand is not invali-dated by its faffure to specify the amount due; and the appointment of a receiver under the debeniure is not invalidated by its being made very soon after the demand if the debtor was given alloquate time, not to find the money, but to carry out the mechanics of obtain-ing it.

when giving judgment for the plaintiff, the Bank of Baroda, in its claim for sums due to it under guarantees signed by three brothers, Mr Aviar Singh Panessar, Mr Kewal Singh Panessar, Mr Kulwant Singh Panessar, and their respective wives.

HIS LORDSHIP said that the three brothers owned two com-panies called Lowcroft and Glimtone. Both were engaged to the fashion trade and banked with the Bank of Baroda at its Whitechapel branch. Whitechapel branch.

with the Bank of Baroda at its Whitechapel branch. On September 22 1981 the companies joined together in giving e debenture to the bank in respect of all maneys owed by them. The debenture pro-vided for repayment on demand and, in default of compliance, the bank was given, bearing the signatures of the three brothers and their wives. By November 25 1983 both companies had exceeded their overdraft limits. The bank had overlooked the violations from time to time, but head office finally lost patience and decided to demand its money and to ally insolvent. Neither was in a position to pay its debts as and When the bank demanded pay-the demand its money and to ally insolvent. Neither was in a position to pay its debts as and Glimtone had suffered a distress by the landlord for mon.

to demand up money and to appoint a receiver. Both companies were technic-ally insolvent. Neither was in a position to pay its debts as and when they fell dne. By November 25 Lowcroft was suffering executions in respect of unpaid judgment debts, and Glimtone had suffered a distress by the landlord for non-

ship had said "the debtor is not in defeult in making the payment demanded unless and until he has had a reasonable opportunity of implementing whatever reasonable mechanics of payment he may need to employ to discharge the debt ...this is limited to the time necessary for the mechanics of payment. It doee not extend to any time to raise the money if it is not there to be paid." Therefore, in a case such as the present where the anthen-ticity of the demand did not come into question, the time allowed by the bank to the com-panies was in both cases amply allowed by the bank to the com-panies was in both cases amply sufficient. A slightly different approach had been adopted by a number of Commonwealth anthorities, where the time to be allowed for a debtor to comply with the demand had been stated to be a "reasonable time." The difficulty inherent in that formulation was that

striftering executions in respect that it is difficult at any given fine to ascertain or to assert in time to ascertain or to assert into the precise amount that is a difficult at any given time to ascertain or to assert into the precise amount that is a difficult at any given time to ascertain or to assert into the precise amount that is a difficult at any given time to ascertain or to assert into the precise amount that is a difficult at any given time to ascertain or to assert into the precise amount that is a difficult at any given time to ascertain or to assert into the precise amount that is a difficult at any given to be allowed for a debtor to be allowed for a debtor to be allowed for a debtor to comply with the demand had been stated to be a "reasonable time." The difficulty inherent in this formulation was that the amount of the notice of demand the terms of has security what he is premises, sometime between 10 am and 10.15 am. Meanwhile the intended receiver had been adfice that is secured by the debenture. In most cases, as in the shortly after 11 am the manager present case, the debtor had no implementation of the present case, the debtor had no implementation of the secure is a secured by the debtor had no implementation of the secure is a secure in the secure is a secure is a secure in the secure is a secure in the secure is a secure is a secure in the secure is a se

manded for unspectified sum is value.
 handed him two notices of monostic companies of the protective discovered in the monostic of payment of walk of the sector of the sector discovered in the companies of the discovered in the companies of the discovered in the sector of the sector of the sector discovered in the companies of the sector discovered in the sector disc

OC and John Highom (Isudore Goldman & Son). For the receiver: Peter Cres-well QC and Gregory Mitchell (Barlow Lyde & Gilbert). By Rachel Davies

US\$35.000.000

Floating Rate Notes due July 1986

Notice to the Holders of the

### of Banco De Chile

As part of a general restructuring of all external indebtedness (other than indebtedness specifically defined as Excluded Debt) of Chilean public sector and private financial sector obligors (including Banco de Chile) falling due in the period January 1, 1965 through December S1, 1987, pursuant to certatin Restructuring Principles agreed with the Bank Advisory Committee for Chile and communicated to the international hanking community on June 28, 1985, it is the position of Banco Central de Chile (the Central Bank of Chile) and Banco de Chile that the US \$35,000,000 Floating Rate Notes due 1968 (the "Notes") of Banco da Chile, issued pursuant to a Fiscal Agency Agreement dated July 20, 1979 made between Banco da Chile, Mamfacturers Hanever Limited and the Paying Agents set forth therein, are subject to such Restructuring Principles. As a result, it is also their position that the principal maturity of the Notes scheduled for July 31, 1986 be restructured along with Banco de Chile's other external indehtedness falling due in the 1985-87 period covered by the Restructuring Principles so long as the Notes are held by fereign financial institutions for their own account.

by the Hestructuring Principles 50 long as the Notes are held by fereign financial institutions for their own account. Te the knowledge of Banco de Chile, each helder which is a foreign financial institution (as defined below) holding Notes for its own account has signed the Restructuring Agreement dated as of April 11, 1966 among Banco de Chile as Obligor, the Republic of Chile, as Guarantor, the banks and financial institutions parties thereto and Midland Bank pic, as Servicing Bank (the "Restructuring Agree-ment"). Any Notaholder which is a foreign financial institution but has not yet signed the Restructuring Agree-ment is requested to contact Banco de Chile or Midland Bank pic, as Servicing Bank (for such Restructuring Agree-ment is requested to contact Banco de Chile, or Midland Bank pic in Loedon (Telex No. 892572, Attention: Steven Collina) as Servicing Bank for such Restructuring Agree-ment to arrange for such signing. For the purpoest hereof, a "foreign financial institution" means any bank or finance company (including branches of such bank er finance company whether or nut located in Chile) other than a Chilean Private Financial Sector Borrower (as defined in the Restructuring Agreement), Bance del Estado de Chile and Bance Central de Chile. In genaral, a Chilean Private Financial Sector Borrower includes (i) any com-mercial bank er finance company (including hranches wherever located) organised under Chilean law (a "Chilean Dank") and (ii) any commercial bank or finance company

<text><text><text><text>

HERNAN SOMERVILLE S. Co-ordinator of Restructuring of External Indebtedness Banco Central de Chile ADOLFO ROJAS Provisional Administrator Banco de Chile

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**ITAL STRATEGY** 



# **Changes at Victoria Station**

COSTAIN CONSTRUCTION has won the contract to hulld Heron Property Corporation's film London Victoria Station shopping centre, to be known as Victoria Place. Work has begun ou the upper level of the double decker velopineut planned in the void above platforms 13 to 19. At this level, Heron Property, now off-cally signed up as developers by the British Rall Property Board, plans e food court, consisting of chairs and fast food bars, along with e licensed bar and resistanant. On the lower layer of the

control victoria scallor and pring centre, to be known as Victoria wpper level of the double decker development planned in the volt shove platforms 13 to 19. At this shove platforms 13 to 19. At this level, Heron Property, now off chally signed up as developers by the British Rail Property Board, plans e food court, consisting of chairs and tables surrounded by restaurant. On the lower level of the 72,000 sq ft development, 17 shops will be built. Half the shopping space is already under offer from, well-known High Street names including Boots, Next, Dorothy, Perkins and Body Skop. The agents report that rents of fig achieved. Under the schedule, shops and restaurants will be to the schedule, available for fitting out in a a 35 metres long testing tank.

Work has started and is due for completion to August. More than flim worth of con-

More than film worth of con-tracts have been won by ERNEST HEELAND CONSTRUC. TION, Bath, part of the Mowiem group. The biggest sward, worth nearly SLAm, is for an Olympic-site ica rink and leisure centre at Binfield, near Bracknell, Berk-shire. Designed to the require-ments of the National Hockey League and with capacity for 3,000 spectators, there will also be bars, keepfit facilities and a ski lodge ovariooking an axisting for Key Properties, the opnize will be built on piled founda-tions with a steel frame and profiled metal sheet cladding. Work has started for completion in summer 1957. In Southampton the company has won a £24sm contract for alterations, refur-bishment and redeconstions to the sizetorey Gaumoot Theatre, recently purchased from Eank by Southampton City Leisure, a subsidiary of the city council. The work comprises the con-struction of a 12-metre scenary dock extension and ramp at the rear of the building, the renewal of all mechanical and electrical services alterations and refu-bishment to bers, the countra-tion of a stage lift in the

### ORIENT LEASING (CARIBBEAN) N.V. KUWAITI DINARS 6,000,000 123% GUARANTEED NOTES DUE 1988 Notice is hereby given that in accordance with clause 5(c) of the terms and conditions of the notes, the company will redeem all

the outstanding notes (nom KD 2.000,000) on August 18th 1986 at 1001%.

The payment of principal together with interest for 77 days will be made upon presentation and surrender of the notes together with coupon No. 5 appertaining therato maturing after the redemption date at the offices of the principal paying agent or any one of the paying agents whose addresses are given below."

The notes will no longer be outstanding after August 18th 1986 and will cause to accrue interest from that date."

> Principal paying agent al Investment Co. s.a.k. Kuwait Intern 5th Floor Gate No. 8 Salhiya Commercial Comple Fehad Al Salem Street P.O. Box 22792 .Safet Kuwait

Paying agents Chase Manhattan Bank N.A. Woolgate House, Coleman Street, London E2P 2HD, England

Kuwait International Investment Co. s.a.k.

Morgan Trust Co of New York Avenue Des Arts/35 B-1040 Brussels, Belgium

by

\* BALFOUR BEATTY BUILDING has been awarded a 52.im em-tract by Contros Properties for the construction of a super-market with a seven-level car park above, 12 abop units on the ground and first floor levels with a maisonette over one of the mais A road diversion and the pedestrianisation of St Mark's Road is included. Completion is scheduled for September 1987. The company also has a 2156,000 order from British Airways for repairs to the apron and tari-ways in the Ne 1 Maintenance Area at Heatbrow.

OUTE S.A. 2 Boulevard Royal

L-2953 Luxenbourg Luxemboarg

the Newport based cable divi-sion of STC TELECOMMUNICA-TIONS has received an order for optical cable worth fl.9m from British Telecom. BT's local Line Services placed the order, which covers optical fibre cable and special terminated tail cables for use in the UK junction network, the local links between exchan-ges in the same area. The hair-thin fibres in the cable are mann-factured by the STC optical fibre-umit at Harlow, Esser. STC's cable division has designed the cable and will manufacture both cable and terminations in Newport.

and a second second

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New port.

services, sucrations and retri-blanment to bars, the construc-tion of a stage lift in the orchestra pit and the upgrading of seating and carpeting.

M. J. GLEESON (NORTHEEN) has won contracts worth a total of £10.5m, the largest being the new Grown Court at Grimsby for the PSA valued at £2.8m.

\*

finance advice - each investment decision is made impartially, based on the intrinsic merits of the proposition. There are no conflicting considerations. We deliver real investment performance.

Our unit trusts, pension funds and investment trusts feature regularly in the top quartile of their various sectors. What Investment' named us Fund Manager of the Year for 1985 and in Hong Kong, the 'South China Morning Post' paid us the same compliment. Pension Funds need dedicated

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**£2-2 BULLION UNDER** 

GROUP MANAGEMENT

management.

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For further information on Gartmore's wide range of funds and services, please contact Angela Campbell on (01) 623 1212 or write to her at 2 St. Mary Axe, London EC3A 8BP.



**THE ARTS** 

# Hayward Gallery/William Packer

# Stepping out from the Nordic shadows

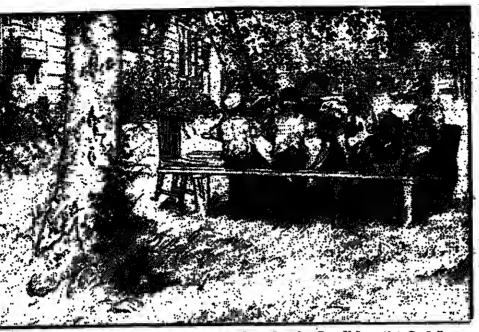
Dreams of a Summer Night, that now fills the principal halls of a Hayward Gallery on the South Bank with fin de siècle painting from the five Nordic countries (until October 5), is a major exercise in art-historical rehabilitation, a joint initiative of the Arts Council and the Nordic Council of Mini-sters under the copious spon-sorsbip of Volvo that in the autumn is to go on to Dusseldorf and then, in an augmented version, to Paris. The work is offers us, so much of it so shamefully unfamiliar, is fascinating throughout and, it seems almost at every turn, extremely beautiful, achieving so often moments of true and memorable polynancy and power. It must also be sald that it bas its decided faults and limitations, but even so it is an exhibition of the first importance.

20

The substantial pleasure to be bad of it all may indeed be in large part a function of our own surprise and delight in new experience, hut we must taka care that such an imme-diate and natural reaction in

diate and natural reaction in itself does not deflect us thoughtlessly into an easy patronising qualification, as though to say: how quaint, how clever, fancy that. If the show is indeed of the first importance, it can only be, in the poly of creativity and talent is first place, because the best of obvious nonsense, which only the work itself, for itself on its has to be examined to be own terms, is of the very highest quality as art. This is a matter not of superficial character and type, of imagery and influence and historical moment, but of innate, essential quality. That there should still he an argument, and the standing of such work, with the one great and obvious exception, not yet entirely commensurate with its quality, is rather the point of the exercise

It is of course the actual practice of art history, with its natural preoccupation with sequence and cbronology, and infinences given and received, that has been responsible for this comparative invisibility. The habits of scholarship are narrow, from which follow the real strengths of expertise and



Luncheon Under the Big Birch, a watercolour by the Swedish artist Carl Larsson

special study, but certain con- not in Paris, or looked else-veniences, too, of thought and where, is to miss tha point. veniences, too, of thought and classification, may too easily be accepted. That one city or nation should enjoy the mono-poly of creativity and talent is Travel Through Europe for a generation before the First World War was rapid, easy and unfettered, and the artists of Scandinavia were as free as Scandinavia were as nee as any others to take full advan-tage. If they gravitated first to Copenhagen, they were as likely to move on to Berlin or London, Budapest or Vienna, Rome or Zurich, as to Paris. exposed, yet the examination of the idea that in modern times where Paris led the world followed has been a long time coming. That it has come at last in

And they took home with them a wide practical experience no sense denies the position of Paris at the centre of modernism, the correfour as it were of Europe's culturai affairs, but it does inform our understanding of what not only was massing through but also and example of the latest art. It is the quality of this contemporary engagement put to the expression of personal vision, informed as it must also was passing through hut also going on elsewhere. In the be by national temperament and circumstaoce, that Drcams national gallery of every coun-try in Europe there is to he found the celebration of the national school, not all of them of o Summer Night puts before

It is something of a pity, perhaps, that such a title piaces the emphasis so much upon the matter of content, and simultaneous in vigour, of course, but always interesting and worth attention. To deny its particular qualities and the symbolic reading of these images of the endless northern virtues, or even its very exist-ence, because its artists were twilight in all its seductive melancholy — the summer

dah, tha view across the water in the fading light. But It does the general formative experi-ence and a common sensibility. and how, at least in Scandinger The quality of melanchele actual or unspoken, informs an equal footing and were taken everything in the exhibition, with an equal seriousness to none more so than the work of the men. Anna Ancher, a Edvard Munch, who is without native of Skagen, was the better question the greatest artist painter than her husband represented. And it is indeed Michael. In Norway there were an aspect of the exhibition's Kitty Kielland and Harriet fundamental importance that Backer in Kieland Helene fundamental importance that it transforms our understand- Schlerfbeck and Ellen Thesleff ing of Munch, as one of the great masters of expressionism, by setting hir, in his work in the years of his early maturity the years of his early maturity scape, make for a group of the before 1900, in his true Nordic loveliest works of all. The context. Far from being a more obvious and self-assertive unique phenomenon, springing fully formed ont of nowhere, we see him amongst his peers, and losing nothing of his force

house in the forest, the veren-

or originality hy the association. But other artists make sub-stantial claims to greatness; Vilhelm Hammershei, a Dane model amateur, declare them-selves but none the worse for and Munch's near contemporary that.

fame and fortune. There are though so very different, is per haps the most remarkable with his quietist images of cool, plain interiors and Vermeermaking the journey in the re-verse direction, but by finding like figures, their backs turned. Peder Krøyer, another, Dane, whose contemporary fame ber career as a dramatic soprano Rita Hunter has shown it can be done. This recital on fame whose contemporary name extended to his being given a room to himself at the Venice Biennale of 1909, the year of his death, is another ontstanding figure, and it is a real fault in the exhibition that here be should be seriously under-represented. The show altogether is

the show altogener is smaller than it should be (it was not a good idea, perhaps, to pair it with L'Amour Fou, the excellent exhibition of surrealist photography in the Upper Galleries, which I shall discuss another time). In par-ticular the work that came out of the artists' colony of Skagen, of which Krøyer, with his gentle and suggestive impressionism, was a leading member, deserves a clearer showing. Skagen, at the northern tip of Denmarfi attracted artists from all over Scandinavia, and the work has strong affinities with what was being done at about that time in Brittany, Cornwall and the Netherlands.

Of the more positive sur-prises, one of the nicest is to Kitty Kielland and Harriel Backer, in Finland Helene Tha quiet; delicate intensity of Thesleffa modest portrait studies, and one fugitive land

qualities of some of the men, the Swedes Eugene Jansson Richard Bergh, Carl Larsson, Anders Zorn with his Sar gentean panache, and even Prince Eugen of Sweden, that

The Kronos string quartet, based in San Francisco, visited London on Sunday night as part of their English tour (which includes a residency at Darting-ton Summer School), to take part in the four-event MusiCA series of new musical perform-ances chosen by Adrian Jack. Their programme was dellbe-rately diverse: quartets by West German, American, Korean and South. African; composers were played, extermely..wide stylistic played, extermely wide stylistic reference was made.

I was unlucky enough to miss Wolfgang Rihm's seventh quartet, but came in for La Monte Young's early; surprising Fice Small Pieces — written during the '50s under the clear in-

Gabrieli Quartet/Wigmore Hall **Dominic Gill** This year's series of 24 " Wig- detail. It's another way of look- concentration and ardour was

Rita Hunter/Festival Hall

Richard Fairman

· FOR DALLA

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For a century or more, The popular "Caro min ben" as is the characteristic tone singers from Australia have by Giordani floated on an affect- quality with its fast vibrato at

Financial Times Tuesday July 15 1986

sentimental. But for the rest there was too little verbal Elektro, given with full dranuance, not enough variety in matic attack and fearless top tone: sung like this, Paisiello notes, gave a decent idea of the new repertoire she is essaying soon begins to sound like a distant cousin of Ivor Novello. these days in Australia. Other-In the operatic excerpts, the wise one had to look for the Hall was an old-fashioned home- voice recalled its old glory. good things. The introduction coming with songs — Balfe, Most of the audience will have of the tenor Mike Schirn as her Coates, Novello-to match.

come to Europe to find their ing piano; and Foster's the top of the stave. To that fame and fortune. There are "Jeannie with the light hrown "La Ince langue" from Verdi's "Jeannie with the light brown Macbeth added a strong chest not many stories of people hair" was suitably dreamy and register and Italianate fire. An excerpt from Strauss'

Coates, Novello-to match. come to the recital with echoes parmer was not a good idea. No doubt this reperiore suits of the "English Ring" still Victor Morris' inclsive accom-her better than Schubert or strong in their memory, and for paniments at least offered a Wolf would. The trouble was them the obvious health of the consistent level of musical that ahe sang a lot of it and singing will, perhaps, have been pleasure. It was, by and large, much of it in the same way. enough. The power is still there, an evening for the converted.

more Summer Nights" concerts ing at, and hearing, Mozart's not in the air: what we heard is drawing to its close (just string quartets — not one which was in no way a counterfeit, seven remain between now and bears the scrutiny of too close the end of July), but has lost a focus perhaps, but a relaxanone of its impetus meanwhile. tion once in a while, and per-A packed hall greeted the fectly viable. The performance The Gabriell's trio were Gabrieli String Quartet on had the charm, and the imme-sturday night for their pro-gramme of Mozart, Janacek and dinner recital among friends. and the planist Wolfgang Manz Schubert. The account which followed for Schubert's Trout Quintet,

It was not a remarkable even-ing, but it had its relaxed and unostentatious virtues. The Gabrieli opened with Mozart's F major quartet K590, deliver-ing it with that genial, not especially searching way they have, which treats the broad flow and the texture of the music as more significant, and more worthy of special empha-sis, than its small-scale, subtle

a niche in Australia to further

clear and vivid colour, whose expressive edges were somehow

of. Janacek's second string and for the kind of chamber quartet-the "Intimate Letters" performance whose flavour is quartet, that passionate hymn the most difficult of all to conquartet—the "Intimate Letters" performance whose flavour is quartet, that passionate hymn of love to his mistress, Kamila Stosslova, 38 years his junior, which Janacek wrote at the age of 73 in the last year of his life—was strong and lively. But it was never quite as closely The difference is vital, but so focused or as spine-tinging at its climares, as it can ideally be. Truly authentic Janacekian

# Kronos Quartet /ICA

### **Paul Driver**

drone; the first violin at one removed them to display skin-point got up, walked across the tight T-shirts, shahed with platform, grasped the end of colour, worn underneath. The a string and noiselessly swing group seemed. like a hack-group seemed. like a hack-projection from the indure on a sort of cardboard fish. Whatever one thought of the

Young's early; surprising Five However I was left untouched them—for viola melody and Small Pieces — written during by their fourth item, Jin Hi accompanying pizzicati was the '50s under the clear in- Kim's Linking—another boring hypnotically catchy; another fluence of Webern; delicate, reclamation for Western ears of resembled the American bor-Asian microtonal and evane down (folk music all over the scent noises. In fact, during it, world is similar); while the my attention was entirely fixed on the Kronos's costumes, In the first half they wore sc-f. quartet. The Kronos'a perform-black and slinky suits with pad- ance was caring, and totally ded shoulders: now they had compelling.

a sort of cardboard fish. projection from the inture on a Whatever one thought of the laser beam. piece, one could not deny it . Clothes-philosophy was was performed with extra-ordinary skill: I particularly Volans's White Man Sleeps-admired the cellist. Joan Jean-renauds bowing arm and quartet of his African source determined enthusiasm. Like the music which has previously been "Arditif Quartet in this country." heard at the ICA in a version the Kronos devotes "itself" for harpeisboortspertuision and exclusively to new music. and viola da gamba The fibri dances the results technically and ex-equally impressive. However I was left untouched them—for viola melody and

# Wiener Blut/Berlin

### **Ronald Holloway**

On the way in to the Theater of the entire structure of the ing a tune at the same time. des Westens violins on loud-speakers bint of a relaxed even-ing bathed in the waltz tradi-minutes above each of the arcades in the garden-party arcades in th

Soma things never change — (the other 80.000-odd packing rain at Wembley on a Saturday the stadium got little attention), night and a Queen concert, for The rest of Queen get on with starters. Not that the torrential supplying the music which is

a seat in this splendid operetta house, and the orchestra is no-where to he found: instead of the strings, six planos occupy the stage. A swinging-door exit to the back indicates that the merriment is off in a neighbouring room. Herbert Wernicke, following his experimental approach to Carl Maria von Weber's Oberon earlier this year in the Deutsche Oper Berlin, has revolutionised the Jobann Strauss operetta to such an extent that the public bas been split down the middle be-tween angered traditionalists and enthusiastic music lovers who like their evenings out challenging aod full of surprises.

tions of Wiener Blut. But take

This outlandish plot is about vienna Congress of 1814-15 and when Graf Balduin appears in dinner-jacket and with a leer in his eye, he immediately takes to cavorting around the pianos like an aged faun in romantic distress. The ladies, finding themselves pursued a mite beyond the discreet, coyly try to climbing on to a grand piano maintain their dignity in spite while, almost impossibly, carry-

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pianos, as though the setting was a railway-station instead of a diplomat's villa. The tick-tock as a subconcious musical refrain becomes assimilated in the performance when suddenly the merriment gives way to a stylised Dance of Death.

The production is packed with inventive musical meta-phors. To begin with, stage director and set designer Her-bert Wernicke and music arranger Uli Harmssen transcribed the entire score for six concert pianists. Instead of three acts, the operetta has been whittled down to a single worn out traditions. sit-in performance — and this in an atmosphere of red-light

bulbs, as though the audience was spending an evening in a fashionable bordello. Visually the garden-party of the finale simply doesn't exist.

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BEWITHOUT IT?

Wiener Blut is a taaser There's an aura of the absurd throughout. Plump Pepi Pleiniger, a mannequin stuffed into a seam-splitting ballet costume, fends off an admirer by while, almost impossibly, carry-

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scene, an artistic plug in all downpour disturbed the hand's likelihood for Christo's ongoing effort in Berlin to package the Relchstag. On one occasion, as everybody makes for the

back door, a traffic bottleneck reminds this viewer of the cabin sequence in the Marx Brothers' A Night at the Opera, Witold Gombrowicz's Operette appears to receive another genial tip-ofthe hst; these gifted singers and performers love trampling on Just as this madcap farce on

Strauss' operetta and waltz music is about to wind down to a standstill, the cast find themselves onstage without a pianist in sight. So they individually take to plunking out tunes on the Bechsteins in

search of the right one - until someone in the sudience gets aggravated ecoogh to yell out: "Weiner Blut!" And on comes the lusty finale. Indeed, even the lusty finale. Indeed, even audience response - pro and contra - has been fitted into the overall directorial concept. ally

starters. Not that the torrential supplying the music which is downpour disturbed the hand's now a pastiche of pop covering performance: they are into fifteen years, everything from dramatic stage gestures. I suatches of Elvis Presley to the expect they paid the heavens excesses of pomp-rock, still handsomely for the special represented by "Bohemian effect. For the rest, we had seen is which he is under duitar solo

Queen/Wembley Stadium

Antony Thorncroft

rock the stage aftar the first song; the serried ranks of lights which pepper the performers; the strips of neon on either side of the set which fiash fitfully; the sound and the fury of a great deal of money, all to enable Freddia Mercury, the exotic bloom of tha quartet, to the still does it splendidly. He prowls the catwalk abova sallowed an extended guitar solo in which he is very clever at conjuring up an echo and creatively banal, but in the main they look stoical, as Mer-cury describes them as "four ageing Queens" and vow never to split np. And why sbould they? By being many things tn most people they have vast appeal, and although it Is hard to avoid the feeling that they are going induge his taste for camp induge is abort leave deliver. Their recent songs like sallor and threatens dire con-"It's a kind of magic" are as competent as earlier efforts like

sequences with his mike stand; he strips down to bis celebrated uniform—that of the RAF drill competent as earlier efforts like competent as earlier efforts like the ridiculous "Seven seas of Rhye." Given the genius of pop music to keep its favourite sons ageless — Mercury is 39 now—I see no reason why another vast crowd should not be trut but before at Wembler sergeant that he so closely ressembles, all white singlet. the fanatics at the front - in 1996.

**Opera and Ballet** 

VIENNA

trause' Wiener Blut and Mozart's Die Entfilhrung aus dem Serail. Every day encept Sunday at the Schönbrun Palace Theatre

LONDON

Royal Opera, Covent Garden: the now rather aged and shabby John Cop-ley production of Cosi fan tutie comes back for an end-of-term run, with Gabriele Ferro as conductor

and an oddly mixed cast including newcomers Karita Mattila, Anne

Sofie von Otter, John Aler, and the

veteran Walter Berry. Further per formances of the new Fidello, Colin

Hartmut Welker and Gwynne How

Volksoper

(82 45 66). tie Fi

te Fledermans. (42 800/20 85). (Wed).

quite eupbonius, rather watery miniatures. Before the next work, Mel Graves's Pangaea, was an extensive retuning sea-sion; it sounded as though the were setting up players were settin elaborate scordaturus. the piece finally began, it was not with string sounds, but those of two sets of chimes, shaken by the second violin and the viola player.

Then the cellist launched an attractive repetitive "system;" viola, second and first violins entered successively to build up a, very pleasant, glinting effect. Soon the kaleidoscope of musical games was turned slightly games was turned sugnity — things startad up again with a little cello. phrase of snappy jazz. In all, Asia, the West and East coasts of America, and Last coasts of America, and perhaps Vienna (another section sounded vaguely serial or "advanced") were visited by the piece (whose original title was appropriately "Crossroads Affair") which eventually dissolved into Dada: three mem-bers of the quartet fiddling with pinging or whiring percussion toys while the cellist played a

opening improbably resembled that of Tippett's second string

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# Beer boost for jazz

Schlitz, the American beer, is to all tapes submitted no later to give British jazz a boost with than the closing date of August a £200,000 sponsorship of 15. The panel will select 27 Schlitz Jazz Sounde '36-open bands to take part in nine to all jazz musicians between regional finals, which will take place in September and October. The nine regional winners the age of 18-30. will travel to London to com-pete for the five places in the BBC 2 televised final.

This national competition will go the demo-tape route for bands with up to a maximum of seven performers. The demo tape must run for no longer than 15 minutes.

bands in the final; a trip to the Wardt of seven performers. The demo tape must run for no longer than 15 minutes. Prizes will include f2,000 H Music; f500 expenses for all bands in the final; a trip to the US with Virgin Atlantic, plus a demo recording in Virgin Studios. The judging panel will listen BBC 2 televised final. The competition is being organised by Jazz Services in conjunction with Eastern Jazz, Jazz South West, Platform, Jazz South West, Virgin Studios. The judging panel will listen Prizes will include £2,000 worth of equipment from F D & H Music; £500 expenses for all h music, 2000 expenses for an bands in the final; a trip to the US with Virgin Atlantic, plus a demo recording in Virgin Studios.

he wet hut happy at Wembley Music/Monday. Opera and Ballet/Tuesday. Theatra/Wednes-day. Exhibitions/Thursday. A scientific science. Arts Guide s/Thursday. A selective guide to all the Arts appears each Friday. The warrior survives July 11-17

Mara Zampieri, Marjana Lipovsek, Wolfgang Brendel and Kurt Moll, and Le Nozze di Figuro, with De-lores Ziegler, Helen Donath, Cornel-ia Wulkopf, Thomas Allen, Her-mann Prey and Kurt Moll. Also Troades, produced by Jean-Pierre Ponnelle: This revival brings Helga Dernesch, Doris Soffel and Bodo Brinkman tnetcher. One evening: Brinkmann together. One evening is reserved for Tchnikovsky's hallet is reserved for icpairovsky's pallet Swan Lake, choreographed by Peter Wright, and on Sunday morning Bri-gitte Passbaender is giving a Schu-mann and Mahler lieder recital: have held a spear and a shield. It is unusual in having sur-faced in a remote part of southern Arabia where it was bought, cbeaply, in 1949, by the father of the vendor. How it got so far remains a mystery. In all the auction totalled £621,368 with almost 20 per cent.

NEW YORK

Paris Opera Ballet (Metropolitan Op-era House): Rudolf Nureyev leads the company's 10-day visit with a repertory of his new Swan Labe in its American premiere along with Manrice Bejart's Arepo, Serge Li-far's Les Mirages, and Francine Islamic glass fared even worse. totalling f9,185, with two thirds of the sale unsold. Robin Symes, the London dealer, paid £46,200 for a 1st Lancelot's Lully, a recreation of bal-let in the court of Louis XIV. Lincoln century BC Hellenistic bronze figure of Eros. springing for-ward on one leg. A set of nine Center (382 6000).

Center (302 0000). New York City Opera (NY State Thea-tre): 20 weeks of summer opera in-clusting new productions of Warther, Don Quichotte, The New Moon and the world premiere of Anthony Da-vis's X (The Life and Times of Malcolm X) continues with The Pearl Fishers and the Marriage of Figuro. (879 5600), Lincoln Center.

Ballet Nacional d'Espana (Opera House): Mixed repartory in the five-day visit of this distinguished com-pany. Ends July 20. Kennedy Center (254 3770).

# Saleroom/Antony Thorncroft

An archalc Greek bronze Painter of the 4th century BC, statuette of a warrior, made covered with figures, did well around 540 BC, and one of only at £24,000, as did an Ekyptian a dozen that are known to have bronze figure of a Horis bawk, around 540 BC, and one of only at £24,000, as cut an Ekyptian a dozen that are known to have bronze figure of a Horis hawk. survived, sold for £52,800 at of around 550 BC, which sotheby's yesterday, at the low end of its estimate. The trebled its estimate at £20,900. the main casualty was a Roman is missing its hands which would have bold a graam and a shield.

is missing its names which would have been a spear and a shield. was bought in at £20,000. Phillips bammered out the Henley Festival at the weekend hy holding an auction of tra-ditional river craft in the Stawards Enclosure. The vessels ranged from punts to motor boats and brought in £114,370, with 23 per cent unsold. It was the first sale of its kind. unsold. A separate section of

The top price of £18,000 was paid for "Lady Sophina." a 35ft launch huilt in 1923. It comes with accommodation and, as the catalogue says. "has cruised many times to Lechlade." "The Knight Errant," perhaps the ward on one leg. A set of nine identical late Antique silver spoons, made in the Eastern Mediterranean in tha 7th cen-tury AD, were just on target at 220,350. They contain Christian monograms and may have been used | at special religious festivals. only slipper stern boat with a

festivals. An Asyrian gypsum panel from a relief dating to the 7th century BC, perhaps from the wall tof an Asyrian palace. It rebled its estimate at £28,609: It shows warriors in action. An John Arnold, dated 1973, did Apulian vase by the Darius well at £8,649.

karova joins the company for one gala performance of Cranko's Oneby Axel Manthey. fincheta, Bayerische Staalsoper. Mu-nich's annual opera festival runs from July 7 to July 31. The second ITALY Milan: Teatro alla Scala: Bellini's La Sonnambula conducted by Gianan-drea Gavazzeni with Luciana Serra, Patricia Pace and Bonaldo Giaiotti (Fri); and with Lucia Aliberti, Miriam Gauci and Giorgio Surjan (Sat).

Production by Ermanno Olmi, with scenery and costumes by Mauro Pagano. (80 91 20). Rome: Terme di Caracalla: Rome Op-era's summer season opens with Donizetti's Lucia di Lammermoor, conducted by Friedrich Haider and discuted by Friedrich Haider and directed by Alberto Fassani. Edita directed by Alberto Passam. Laita Gruberova sings the title role, with Juan Pons and Alberto Cupido: scenery and costumes by William Orlandi. (Sun, Wed). (46 17 55). poleto: (29th two works festival) Teatro Romano: International Dance Marathon co-ordinated by Vittoria

Ottolenghi and Alberto, Testa, in two sections: Dance is Mair and The Art of the Partner. (Fri, Sat). (41265); Teatro Nuovo: Gian Carlo Menotti's Opera, The Saint of Bleecker Street, conducted by Trimon Barto and diracted by the composer (Sat).

WEST GERMANY

Cologne, Opera: the last performance this season will be The Marriage of Figaro, with Janice Hall, Andrea an and Claudio Nicolal in the cast

cast. Sintipart, württembergisches Staats-thester: Viva la mamma stars Hilde-gard Uhrmacher and Wolfgang Probst. Ia the repertory also is Ni-collo Jommelh's Fetonic, produced by Ayal Marthew

rom suy i to sury at the second week of performances start with Don Giovanni starring Cheryl Stud-er, Trudelinse Schmidt, Kurt Molf and Francisco Araiza. Other produc-tions are La Forza del Destino with

WASHINGTON

# del in IIA

(4 02 65).

Davis's last conducting assignment as Royal Opera musical director, with Elizabeth Connell, James King, Coliscom, St Martin's Lane: The

Dance Theatre of Harlem continues its seeson until Saturday. From Monday London Festival Ballet opens with Ashton's Romeo and Ju-liet, and on Wednesday Natalia Ma-

# apan's fishing fleet is very particular about its chips.

21

Whenever a Japanese fishing boat lands a tuna, it's almost certainly thanks to British technology.

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or jazz

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**FINANCIAL TIMES** 

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Tuesday July 15 1986

# **UK role in Star Wars**

AS A prelude to addressing a bound to be in a better position technology-based companies than UK groups which are into the project. Under an becoming acquainted with the agreement signed between the nuances of the programme US and UK Governments last relatively late. December, UK concerns have the chance to hid for potentially lucrative contracts programme, popularly called Shar Wars, which is due to spend up to \$30bn hy the early 1990s in devising a space-based shield to defend the West from unclose attract

snield to defend the west from nuclear ettack. Progress on UK collaboration since December has been far from promising. So far, British companies and government establishments have received industry. Star Wars contracts worth about \$15m, a far cry from the **Procurement policy** \$1.5bn that Mr Michael Hesel-tine, the former UK Defence More realistically, b the UK Government in Secretary, was talking about ner and also from the "bundreds of millions of dollars" which Gen Abrahamson himself mentioned during a visit to Britain in February.

a visit to Britain in February. The UK contracts are mostly for theoretical studies in tech-nologies such as computing and sensors where British scien-tists have particular expertise. These studies, which cost rela-tively little and employ few people, could conceivably lead to awards to UK concerns for people, could conceivably lead to ewards to UK concerns for the procurement of hardware such as computer systems in the later stages of the research contracts if the intergovern-programme. For this type of work, the cash sums would be much larger.

### Technical thrusts

The possibilities of this sequence of events taking place in any significant way, and so leading to large-scale contracts for Britain, are looking more and more remote. The budget for Star Wars is coming under increased pressure in the US congress. The Reegan Admini-stration appears unlikely to obtain more than about \$3.96n for the anti-missile project for the year beginning in October, compared with the \$5.46n which is has requested. Turthermore, the longer the Star Wars project goes on with-out UK concerns gaining a foot-bold, the harder it will be for them to build up enough contracts in later years. Many The possibilities of this equence of events taking place

strike back of the important decisions about conference on international the direction of the programme participation in the US Strate have already been taken. Teams gic Defence Initiative in Brus-from US aerospace and defence sels today Lt Gen James Abra- companies have been working ered a few days ago in the smart London offices of CAP, one of the UK'e few computer software houses with a full Stock Exchange listing. hamson, the director of the on the main technical thrusts programme, has been talking for a couple of years. They are with the UK Defence Ministry bound to be in a better position on progress in bringing British to win the significant contracts vere worried and needed urgent reassurance. Was the UK software indus-

try really about to be wiped ont by its overseas competitors? they wanted to know. Their immediate cause for

Whitehall and the US Defence Department have encouraged concern was the publication late Department have encouraged, the current state of affeirs would not be surprising. British concerns were always going to find it difficult to break into a programme whose centre is 8,000 miles away in Los Angeles, the focal point of the US defence systems last month of a scathing report\* on British software from the Advisory Council for Applied Research and Development (Acard), a Cabinet Office body with a wide-ranging brief to investigate and comment on UK technology.

The report listed numerous apparent weaknesses in the UK software business and went on to predict its imminent decline: "If the UK industry does not More realistically, bowever

more vigorously compete in the world market, encouraged by the UK Government may have only itself to blame. Ministers should take e hard look at the overnment action," it warned, then within 10 years only should take e hard took at one motives which caused them to sign last December's agreement in the first place. On the face of it, the US won implicit poli-Ministry of Defence supported firms will remain."

There is no question that or it, the os won higher point tical support for its controver-sial programme by getting a major ally to agree on partici-pation in the research. The UK, software—the lists of instruc-tions which when converted into electronic impulses control the operation of every computer and as events have turned out, gained relatively little in computing device-is a major computing device—is a major key to success in information, technology. Failure to master software problems can damage a company badly.

ITT, for example, which last week agreed to merge its tele-communications interests with mental inderstanding tak never been signed. This is especially true as the lion's share of any future deals are likely to place UK concerns as junior pariners in subcontracting deals with US industry, arrangements in which columniant coveroment those of Compagnie Generale d'Electricité of France, proved unable to adapt the software controlling its innovative System 12 digital telephone exchange to the US market. That failure was a major factor in the decisions leading to the

merger. The Acard report provoked lurid headlines in some UK newspapers and concern among Government ministers, includ-ing Mr Paul Channon, the Secrelary of State for Trade and Industry. The UK software industry;

however, reacted to the report with disbelief, outrage and anger, condemning it as con-fused, simplistic and just plain WTO

in a spin

a human zoo.

ness School.

look bad.

at \$174m.

airline.

was previously suspended for four years from 1976-but such

is the political and conomic malaise throughout the Arab world that few advocates of a democratic system are opti-mistic about its early reintro-

For the foreseeable future

duction.

string.

HE STOCKBROKERS gathshareholders at bon seas.

On the face of things, it is difficult to understand why the industry should have felt so affronted. The most casual glance at

Now Europe

may be

ready to

from the control programs companies because it is in the (operating systems) used by province of the computer manu-maintrame computers manuface facturers themselves. tured by US giants like IBM This is "systems software," and Honeywell, to the software written to manage and spreadsbeets and word process- control the operations of the ing software developed by Lotus and Micropro for personal computers.

It is likely that 70 per cent of all software used in Europe is of US origin.

Indeed, although the Acard criticisms were aimed strictly at the UK software business, its analysis and conclusions could have been applied to the whole of Europe. Dr Douglas Eyelons, director

of the dispute: "The Acard committee," he said, "has confused the European software market with the European soft-

ware industry." The paradox is that while the Enropean software market is dominated by the US and there is little bope of ever reversing that position, there is at the same time a strong, competitive and competent European soft-ware industry which believes itself quite able to take on the Americans at their own game and beat them.

The 266 companies which make up the UK CSA alone had combined annual revenues of over £1.4bn in 1985 and were expanding at an average growth rate of over 20 per cent a year. Revenues in 1985 of the largest European companies like France's CAP-Gemini-Sogeti (\$247m) or the UK's Scicon International (\$143m), easily match the top US inde-pendents Lotus Development (\$225m) and Cullinet (\$182m). This paradox, which is at the heart of the question of Euro-

Financial Times Tuesday July 15 1986

That has been the secret of

recently: " The role of a custom

hand-stitching on the lapel con-vinces him be is getting some-thing special.

thing special. The packages versus custom, software turns on this point. Although the packages market continues to grow, there are signs both in the US and Europa that the rate of growth is slackening, especially where the very large packages are con-cerned.

Mr John Ockendon, of the UK SA, noted: "The software

CSA, noted: "The software product market is not now grow-ing at the high rates it experi-enced in the early 1980s... many of the American software

product companies are in difficulties and further resist-

ance: to the use of packages is expected in what the Americans

tion down the road. They want something special and are pre-

pared to pay for it.

their survival. The



المقال فأجراك والمتعلون المراجع المواد ومعتا

The most casual glance at A large and valuable segment have no interest in writing such statistics as there are show of this market, worth perhaps systems software in competition that the entire European data \$3hn of the \$10bn spent on with IBM: "We consider IBM processing industry is domi-software in Europe last year, as a partner and a client, not a nated by software of US origin, is virtually closed to software competitor." The rest of the market, worth some 57bn in Europe last year, is made up of software of two kinds — packaged and custom

Alan Cane looks at prospects for the world's software industry

(specially written). US software houses are past masters at packaged software, generalised programs which can be used across a wide spectrum of husinesses as long as the cus-

ackage rather than the other They are large, complex and vastly expensive to produce. Once manufacturers gave them away free. As the margins in hardware eroded they started to charge for it — and the price want the perice Washing way around. The success of packaged soft-ware is e direct result of the high cost of writing and developing computer programs. A large company seekwent up each year. Ian Mackin- ing a major suite of programs tosh, a well-regarded industry for, say, stock control or per-analyst notes in a book pub- sonnel records, would not lished last week? "About expect much change out of

not more vigorously compete in the world market ... then within 10 years only MoDsupported firms will remain?

the hardware manufacturers however, written from scratch themselves, and as software across several sites might cost costs increase inexorably, this only \$80,000 or so quarter of the total software \$250,000 if written from scratch. across several sites might cost only \$80,000 or so. Packaged software proved will probably rise to at least 50 per cent." ideally suited to the com-paratively homogeneous US

50 per cent." So a large and growing part of the overall market is simply not available to Europe's panies. And no amount of panies like- Lotus, Microsoft,-coercion from governments will take them into head-on com-petition with the hardware Cost is one factor. ICL's VME may be, as managing director

church, St Margaret's, West-

minster

COLUMN Peter Bonfield claims, the best operating software in the world, but it cost the company It is Europe's failure to make operating software in the much of a showing in the world, but it cost the company over 10 years some 3,000 man years in development costs, not including machine time. Commercial sense is another. Mr Michel Berty, general secre-tary of CAP-Gemini-Sogeti writing customised software for (CGS), Europe's most successful their clients, both at home and software house, says be would This need to be different is well understood by European companies. CGS, for example, has never had any interest in the packages market: "France is a country where we have 1,414 different kinds of water tap," says Mr Berty with a shrue.

shrug. Furthermore, it is becoming chesper and easier to write this module-based, semi-custom softmodule-based, semi-custom soft-ware as a result of the new availability of computer pro-grams which write computer programs — the so-called fourth generation languages and systems building tools. So, to some extent, the Euro-pean approach to software has been vindicated. But the indus-try has no cause for com-placency.

DCy.

European software companies have done well servicing national needs but they remain a collection of small, entre-preneurial groups without a true international presence or direction. They find it difficult to sink their differences in the coherent strategy to achieve the economies of scale necessary to

take on the Americans. Some favour stiff penalties tators who predicted the immisome ravour sun penness on software imported from outside the Common Market: "a tariff barrier from Turkey to Murmansk" as one put it. "Panalise any software where 'colour' is spelt 'color'." nent decline of the custom soft-ware business were confounded. Mr Philip Hughes, chairman of the UK software company Logica, told the Royal Society

There are even arguments over whether European com-panies should sing it out with software company shows no sign of declining. Far from it. The commentators, in making their the Americans on their home territory. Some see US success as critical, others as mere forecasts, may have misunder-stood the real role of this kind of company. It uses packages as and when appropriate and machismo. There is agreement, bowever

increasingly uses system kernels." that Europe as a total market is equivalent in size to the US and that the EEC and indivi-In other words, European software houses had learned dual governments should be doing their best to encourage not to re-invent the wheel each time they wrote a custom system. A system kernel is a the development of pan-European software packages aimed at areas such as trans-portation and distribution. module, a pre-written piece of software which can be incor-porated in many programs to carry out common tasks.

There is also agreement that There is also agreement that the enormous purchasing power of the European governments should be directed more effec-tively towards the indigenous software industry. The French set the example here — and the French industry is the strongest in European The Europeans over the years have become particularly adept at linking modules to-gether in different patterns to persuade their customers they are getting something unique. To draw a crude analogy, the customer may be getting a suit from a multiple tailor, but the in Europe. There is a desire — and this

There is a desire — and this is an old UK complaint — for more government contracts let out-of-house to independent software houses rather than managed in-house by govern-ment software teams. These measures, it is said, would strengthen the position of companies like CGS and GSI of France, and Scicon, CAP and Logica of the UK, which are already eble to compete inter-nationally. CGS, for example, nationally. CGS, for example, while it denies it is dependent on government work, benefited enormously from winning French telephone authorities' electronic telephone directory project.

Breaking into the US, a mas-sively expensive endeavour, is another story.

are currently describing as " the : industry slow down." There. have been many attempts and many failures. Finding a local "champion" This is at least partly because the major companies which are

In the preadsbeets and word process-on trol the operations of the ag software developed by Lotus computer itself. They are and Micropro for personal known by acronyms like IBM's omputers. Analysis of the trade statistics mean a lot to the programmers a peculiarly complex because who have to work with them of the nature of software, but and very little to everybody is likely that 70 per cent of else tomer is prepared to bend his business practice to suit the

6If the UK industry does

return,

# A step backwards in the Gulf

AMONG THE conservative petence and suspected self-monarchies of the Gulf, Kurwait interest. These objectives were has promoted and cherished its pursued with such vigour that reputation as the most the National Assembly became, politically and socially en- what many Kuwalti's thought lightened of these newly-rich that it was supposed to be, e oll-producing nations. Unlike focus for national debate, other members of the Gulf Co-Ministers did after all have oll-producing nations. Unlike focus for national debate. other members of the Gulf Co-operation Council-Seudi a lot to enswere for and to Arabia, Bahrain, Qatar, United explain. The collapse of the Arab Emirates and Oman-It had generously opened its market in 1982, which left doors to tens of thousands of displaced Palestinians. It re-to have a resident Soviet tacular case of official mis-manasthe only one of the six to have a resident Soviet tacular case of official mis-future Generations ensured which are still plaguing the benefit of the nation once the benefit of the nation once the oil fow cessed But most been edging closer to the that e fixed percentage of our revenues was invested for the benefit of the nation once the oil flow ceased. But most important of all, it led in open-ing the way to popular partici-pation in Governmant through the part-elected Netional Assembly and through its liberal press laws which allowed e range of lively and been edging closer to the borders of Kuwait, to the extent that the sound of the beaviest explosions could be heard in the city centre. Standard bearer

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liberal press laws which allowed e range of lively and varied local newspapers. The ruling al-Sabah family appeared to appreciete the in-evitability that economic affluence and vastly improved threats to the well-being of the created demands by members of the public for a constitu-tional role in the policies and administration of the nation. tional role in the policies and administration of the nation. public from responding to the The Emir has piedged that the suspension of the National Assembly is only temporary—it

The decision by Sheikh challenges, al-Ahmed al Sabah, the Emir of Kuwait, to suspend the the suspens National Assembly and impose Assembly it press censor ship is therefore a double blow. Not only does it curtail the possibilities for Kuwaitis to share in the process of government, but it will be used as a pretext by others not to embark on similar experiments.

### Serious sabotage

the Gulf will be without a standard beever for democratic The justification has been experiment. This absence will that there was a lack of cooperation between the legisla-ture and the executive, and that inside and outside the Arab the twin pressures of the neigh-community, who argue that the booring Gulf war and the ruling families are fundacollapse in the price of oil mentally incapable of sharing power and that they have failed appreciate the social impact created a situation which could only be answered by a period

of direct rule. Undoubtedly, by the stan-dards of the Gulf, the Netional to that criticism will be for the Assembly was unco-operative. Emir of Ruwait to live up to It challenged ministers to ex- his pledge to restore the plain their actions and sought National Assembly and Press to highlight areas of incom- freedoms as rapidly as possible.

Mr John Ockendon, president Mr John Ockendon, president pean competitiveness in world of the Computing Services Asso-ciation (CSA), the industry software markets, turns on the diversity and complexity of the diversity and complexity of the diversity and complexity of the software business. Software is not a seamless web, but a beterogeneous "It has united all the com-panies in the UK software indus-try in their resolve to correct this wrong impression before it damages the business confi-and marketed through a diver-dence of our customers and our sity of outlets.

sion of being run on a shoe

Its founder, Don Burr, aged

45 rounder, Don Burr, aged 45, earns only \$89,500 a year. The pilots sometimes load the baggage. On a crowded day People's terminal at Newark airport, New York, resembles a humar zeo

Nevertheless, the airline sports a very impressive board of directors for such an opera-tion. Bill Hambrecht, aged 51, president of Hambrecht and Quist, the west coast invest-ment bank, belped bring People

Express to the stock market when it had just three planes, He continues to play a key role behind the scenes,

Citicorp, parent of America'e biggest hank, has had a seat on the board of People Express from the beginning. It is repre-sented hy David Thomas, aged

left it with a net worth of \$150m

supporting long-term debt of over \$600m. That is pretty aggressive even for the US air-line industry. People Express

shares have slumped from a

peak of \$25 in 1983 to under \$7 last week, valuing the airline

There have been serious differences of opinion inside People Express's boardroom in

recent months. While most

members of the board wanted

to turn it into a profitable regional carrier, Don Burr

wanted it to be a major national

etitiveness in world

the prime custom rs for large packaged software are becoming increasingly knowledgeable about information technology. They are looking for com-petitive advantage from their data processing and are no longer content simply to have the same system as the competi-

CETH

route. CAP-Gemini-Sogeti took over the US companies DASD and CGA Computer Corporation. But such ventures are best tackled from a position of strength rather than weakness. And enlightened government

procurement is seen as the key to that strength. • Software:<sup>1</sup> A vicel key to UK com-petitiveness. HMSO 1986. † Sunriss Europe Blackwall 1986 E17.50.

People Express **Men and Matters** People Express, or "People Distress" as the cat-price US airling is sometimes jokingly referred to , gives the impres-

> Recently after three days of board meetings the airline announced the sale of its recently-acquired Frontier Air-lines subsidiary at a knock-down price of \$146m to United Airlines. in a desperate bid to raise some cash to meet its interest payments-whic close to \$250,000 a day. which are

The move indicates that the rest of the board is beginning to make its views felt on the entrepreneurial Burr. Mean-while, People Express'e abrupt while, People Expresse abrupt changes in strategy over the past year have left its customers hewildered, and made some business school gurus who have been hailing the airline as "the most interesting company in America" shut up ahruptly.

# **Toryble rowers**

Our valuable editorial secretary

Solution of the second Charles Phillips, aged 37, a managing director of Morgan Stanley, and John MacArthur, aged 52, dean of Harvard Busi-Jackie Shorey confesses to being bedly bruised. She used to pull a noble oar in a London University eight.

Now she has been squeezed into a boat as a supernumerary to coach a crew of House of Commons secretaries and their. cox in preparation for The Given the stature of the fiveman bosrd it is hard to under-stand why the company has been allowed to fly into such a financial storm. It lost \$58m in the first quarter, and its second Speaker's Summer Regatta, to be held on the Thames outside quarter results are expected to the Houses of Parliament tomorrow. People Express's headlong expansion culminating in the recent spate of acquisitions, has

The Commons secretaries' team is in the betting as Amanuensis ("One who writes Suicidal sets from dictation"). They are confident of rowing strongly It sounds like the end of the enough to dictate to many oftheir masters.

Members of Parliament, and all those walk-on players who keep the democratic system going-office staff, policemen, journalists, lobbyists, fixers, and influencers-are giving tremen-dous support to this summer About 100 bosis will take part sponsored for \$1,000 epiece. The and cleaning Date

making the rolling English road an even more dangerous place to be. What actually happens is that

Acard report, June 1986

What accuratly nappens is that unauthorised removal of the radio leads to contacts being broken, which scrambles a code within the unit—" thus rendering it inoperative" experts put it.

### Steel's appeal

Martin Llowarch, aged 50, who will become chief executive of British Steel in August, has an impeccable Welsh ancestry impeccable Welsh ancestry although he was born in the Midlanda

It was in South Wales, as financial controller of the strip initiation controller of the strip products group—one of the two big BSC groupings—that the former Coopers and Lybrand accountant proved himself a potential candidate for the number two job to BSCe steel-maker chairman Bob Scholey. Under Llowarch's operational control BSC will not be able to

afford to bask even briefly in the sunshine of its recent return "In my day they used to exchange batums in the relay not passports" to profit for the first time in 10 years.

He says, "As .. the steel business moves towards freer markets and the quota-free days dawn we must get our market-ing strategies right, and work out all the aspects of customer The Parkamentary clerks have a boat suitably called Obfuscate. The smart political

Llowarch joined the corporation in 1968 and was heavily involved in international affairs

money is attracted by e possible needle match between Les Enfanty Torybles and the All Party Paddlers. A straight contest between Drys and Wets. in his early years. Not until BSC is financially secure can the government's target of ultimate privatisation be attempted. Llowarch was not prepared yesterday to speculate on when that might be.

### road for the car radio/cassette **Double Dutch**

Trevor Taylor, managing director of Austin Rover, has disclosed that the company is running trials of new Philips units which should be the A reader with a Dutch doublebarrelled name was too impatient to repeat it for every member of his family when booking a Greek package tour. He wrote "ditto" in the spaces ultimate deterrent against theft, provided.

His daughters were not amused to find themselves travelling as the Misses Ditto."

Observer



# **OUR EXCLUSIVE** NEW EXECUTIVE FLOORS. WHEN YOU CAN'T WAIT TO GET DOWN TO BUSINESS.

The new Executive Floors in our hotel at Schiphol Airport are the only floors of their kind in Amsterdam. For businessmen, they offer all the services you would have in your own office; but with a style you can only find at Hilton International.

Executive Floor privileges include:-An exclusive Executive Lounge. Elegant and luxurious new guestrooms, Complimentary continental breakfast. Complimentary cocktails and refreshments.

As well as the most modern meeting facilities in Holland.



HILTON INTERNATIONAL SCHIPHOI

# THE PROPOSITION 13 TAX REVOLT California counts the cost

IF THE current vogue for tax-If This current vogue for tax-cutting in industrialised nations started anywhere it was in Cali-fornia in 1978. The state's Proposition 13, with its deep cuts in property taxes and a per-manent limit on future in-creases, was the trigger for a wave of popular tax revolts across the US.

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The mood it encapsulated took Ronald Reagan to the White House two years later, and was a key factor in creating the political climate which allowed him to introduce deep reductions in federal taxes,

Now, eight years on there are signs that California is becomsigns that California is becom-ing measy with the legacy of "Prop. 13" and the string of other measures to curb taxes and spending which at the time won overwhelming public sup-port in a series of referendum varies.

Decaying inner cities, peopled by a growing army of homeless, a widespread perception that the public schools system has fallen into crisis, lack of maintenance for the once-superb roads network, shabby parks and closed libraries have cooled the tax-cutting fervour.

Businessmen and officials in President Reagan's home state are beginning to question how much longer its deteriorating physical and social infrastruc-ture can survive the immense preserves and social infrastruc-ture can survive the immense preserves generated by a com-bination of tight spending limits, federal aid cutbacks and a rapidly-expanding population of often-poor immigranis.

The pendulum has not swung fully back by any means. Political leaders in this, the most-abrasively capitalist region of the world, still regard public discussion of significant tax increases as taboo---particularly ahead of this November's state elections. The Proposition 13 provision limiting property tares to 1 per cent of assessed values is written in stone.

Public concern over the

Fibile concern over the dised medical care for the poor school system, unrepaired has been cit back dramatically, roads, and rising crime has 'The community college system, raised the possibility at least a pioneering attempt to provide that, once the elections are universal textisry editcation, is over, 'politicians will consider increases in those taxes which the formeric, the city's escaped the rigid limits of Proposition 13. Mr Keith Comrie, the city's chief administrative officer, is presemissic about the prospects for improvements, "When you california's economy, long extend you just ride with the among the richest and most economy. It has cut out all dynamic in the US, has since

Competition

From Dr E. Goldberger.

and costs

—IT. 16. T



Howard Jarvis started the tax revolution; new there is a backlash against deterforating services

the 1982 recession continued to range planning," he says. Mr Vickerman, a senior legislative fourish relative to the rest of Connie is bitter about the city's analyst for the state assembly, the country. In contrast, the inability to aid its poorest citi-standards of many of its public zens. "A civilised society should services have plummeted from also be responsible for the heat of the national people who are not competitive. league to below the average. We are only as good as how we We are only as good as how we treat our weakest link."

The state now spends less than the national average on

then the national average on editorior and, according to Mr John. Vasconcellos, a Demo-cratic leader in the Sacramento state amenably, class sizes are the largest of any mainland state. Despite its buge and brillinity-engineered highway system. California's spending on roads has also fallen to near the bottom of the national league. leastic.

league. "The cost (of Proposition 13) is a state unable to sustain itself." says Mr Vasconcellos, who is chaisman of the as-sembly's powerful Ways and Means Committee. "It saddens, worries and embarrases me." "The impact is particularly vivid in Los Angeles, a sprawi-ing conurbation with a popula-tion of Sin or so, swellen every week by thousands of new immigrants, many of them poor and jobless "illegals" from Mérico. Menico.

The coalition of right-wing political activists, businessmen on the streets, put at 35,000 in and middle-class tarpayers 1984, is the largest of any city which sparked the original re- in the US. About half of Los volt, however, now looks less Angeles's 6,000 miles of roads are overdue for repair. Subsi-dised medical care for the poor

dynamic in. the US, has since ability to do anything the long-

become a zero such game. Any intprovement in one service must be paid for by cuts in another.

Overall, there has certainly Mr George Deukneiim, the been no supply-side miracle here, nor any spontaneous resurgence of the private sector Republican state Governor, insists that California will have to abide by the limit, focusing on selecting the right priorities to provide the provide services previously administered by state and city governments. Lower twree have simply meant poorer public provision. within the budget rather than increasing overall spending.

But as business faces the rospect of further cutbacks in ighway and other capital allopublic provision. Ironically, Proposition 13 has also weakened local demonracy by increasing the dependence of local authorities on the state government, which in the immediate afterniath of the measure used its huge accumu-leted financial stripths to bail cations, some of its leaders are becoming resiless. The Cali-fornia Taxpayers' Association, which lobbles on behalf of industry and commerce, was a strong supporter of Proposition 4. Now Mr Richard Simpson lated financial surplus to Dati 4. Now Mr Richard almpson, out city and county anthorities. its executive vices president. That surplus lasted only three voices concern over the outlook years and the state's budget has for public investment and tailed been effectively from in real of the used for "pragmatism." terms since 1981, despite an None of this permission Mr terms since 1981, despite an estimated increase of close to 20 per cent in California's population, including illegal Howard Jarvis, the driving force behind Proposition 13 and still at age 83 a fierce cam-paigner for even less govern-ment. Waste in local govern-

immigrants. It will face a further crunch next year when spending will reach a celling imposed by votes in 1979, with the passage of what is known as Proposition 4. This prohibits all increases in spending over and above those needed to keep up with infistion and population growth. The problem is that the US con-sumer price index, which was fixed as the guideline for infia-tion, has risen much more slowly than prices for the state's purchases, so the fibeoretical allowance for population growth has vahished. ment, he innists, " is thrown up like confetti. It is endemic", and Proposition 13 " is as near to perfection as any law in the US." For many others, however, the tax-cutting experiment has stifled rather than nurtured the pionearing spirit which set

California spart from the rest

California spart from the rest of the US. California, says Mr Vascon-cellos, "is a state with the richest array of human, econo-mic, and scientific resources in the world," but one which is furcationed by policies that are "mean-spirited and counter-productive." "The index (used in Proposi-tion 4) would never allow the state to maintain the same level productive." Philip Stephens of services over hund," Mr John

pessimistic. I don't see why prices shouldn't go down to \$5, at least for a while. That is 17700

pressure on prices as a result of the over-supply of crude. I'm pessimistic. I don't see why

**OIL PRICES** 

# Not yet at rock bottom

By Max Wilkinson, Resources Editor

age in April and May. This fall will in turn be depressing

Where will this process end ?

The refining operations of oil companies benefit in the short

However, the recent turmoil in the oil markets is not just a reverse re-run of the events

12) years ago, when the Organis-ation of Petrolsum Exporting Countries first shock the world economy with the power of its Cartel. One of the main differences

ONLY SIX months ago othern were sagely telling each other that the price of a barrel might fall as low as \$20.

Now after a few wild lurches in the spring oil is down to half that level-its lowest for 12

After allowing for inflation, the fall in spot oil prices from

and opposite to the rise during the first oil crisis in the winter

of 1973-74.

One of the main differences has been the extraordinarily wide swings in the eil price in recent weeks, apparently for rather slender reasons. Since the first week in April when the spot price for Brent crude first touched \$10 a barrel, oil prices have risen and fallen by as much as 50 per cent. Perhaps more important—at least for the oil industry—is the fact that prices have now crossed the Micawber line (Detween \$10 and \$15 a barrel) in current usuar terms so a interest in maintaining output barrel is about equal to the in order to reduce unit costs, average price during the two decades of stability after the has been under strong pressure. War, when the seven major oil The European spot price for companies were operating an cargoes of premium petrol, for informal castel to prevent example, had fallen last week prices from rising. Houverst a more immediate prices from rising. However, a more immediate

(between \$10 and \$15 a barrel) which marks the division be-tween absolute misery and sur-vival for those oil companies which borrowed and invested on influence ou the price is the desperate desire of many Guif the crude prices determined by netback formulae. producers to maintain their revenues while prices are fall-ing. This explains the signi-

which borrowed and invested on ing. This explains the signi-the expectation of rising or at fleant increases in production least atable prices. Even the major oil com- tries, particularly Iran, Iraq and panies like Shell, Exron and the United Arab Emirates. British Petroleum would be in Mr Joe Stanislaw, oil analyst a highly uncomfortable post- for the US consultant, Cam-tion if \$10 a barrel were to bridge Energy Research Asso-emerge as an average rather clates, says that after allowing than a "foor" for oil prices, for the desire of some com-In their acramble to readjuct panies to stock up with chean run from lower cruda prices, eince prices charged to customers take some time to fail in line. However, the experience of recent months shows that in or recent months mows mat in the US and Europe competitive forces will prevent oil com-panies from recouping their losses from the sales of crude amerge as an average rather than a "floor" for oil prices. In their scramble to readjust panies to stock up with cheap oil. Opec production of about 19.5m barrels a day is now running at about 1m b/d above demand. Much of this oil is In their scramble to resdjust to a world of lower prices in the spring few oil companies or their bankers gave much thought to the consequences of a price lower than \$15. For companies with high borrow-ings and a dependence on exploration and production, the figure represented the mouth of a cavern into which they oil in the produ Indeed, Mr Chifton Garvin, chairman of Excon, said in London recently that he be-lieved the fundamental driving on the high seas, beading towards Europe in the hope of finding a buyer. The recent downward spiral force for downstream profits was the availability of crude

Igure represented the month of a cavern into which they acarcely dared peer. So when the price dipped helow \$10 ou April 1, many in the industry regarded it as a temporary market over-reaction to Opec's latest failure fo acres a credible regime of THE LONG TERM TREND C per barrel (1980 prices) 36reaction to Opec's latest failure to agree a credible regime of production cuts. This view seemed to be supported by the rebound to around \$15 by the beginning of May. Now the mood has changed again. As one executive of a major oil company put it: "We have seen that it is very unlikely that Opec will be able to reach agreement, so there 30-20to reach agreement, so there is going to be steady downward

There may be a limit there-fore, to the extent to which nil companies are prepared to cut each others' throats in the interest of gaining market share. In the UK petrol market there has recently been a strong attempt by the major com-panies to regroup their forces to stabilise prices. However, it is by no means clear that they will succeed in the face of falling spot prices for petrol It seems unlikely that oil companies can do much to brake the slide in prices so long as Opec producers con tinue to pump out more oil than the consumers need. The

about the level where a signifi-cant number of producers by the now substantial voluma whether the cartel can be of netback deals which account reformed at its meeting in prices as low as that would belp stimulate demand." A more theoretical analysis by one of the other oil majors has suggested that in condi-tions of "free fall" (in the absence of political con-straints), prices would go down to about stime for the price realised for straints), prices would go down to about stime to the price realised for straints), prices would go down to about stime to the start is about stime to the start is about stime to the price realised for straints), prices would go down to about stime to the start is about stime to the start is about stime to the straints), prices would go down to about stime to the start is about stime to the start stime to the stown major of the price of rafined products the price of rafined products the price of premium petrol, for the the price of premium petrol, for in recent weeks-about im more than its official quota a deliberato attempt to force hame the lesson that in Opec uo man is an island and none

wins a war for market share. The Saudis and Kuwait have now made it clear that if they do regain control of the oil market they will push prices up only gently to the \$15 to \$20

range. In this price range oil companies would breath more easily and might therefore tacitly cooperate in stabilising prices Moreover a price of about \$18 a barrel would ease the worries of Western strategists who fear that too low a price will kill off exploration and conservation and so prepare the way for a highly disruptive rebound in prices in a few years' time. Once stability returned, non-Opec producers might be prepared to co-operate in production restraint to a greater extent than they think it prudent to advertise in advance. Such a price level might not

satisfy Iran, but it must be obvious that 2m barrels a day obvious that im barreis a day at \$18 will buy more guns than 2.4m b/d at \$9 a barrei. Although the question of a differential quots with Kuwait remains unsolved, the penalty for both sides in not solving it has been increasing daily.

For the time being at least, the oil market shows little confidence that the Saudi stra-tegy will succeed this summer, However, if prices were to halve again, as seems possible, the pressures for agreement would probably be overwhelm-ing. As oue US oil man said: " If you bit a donkey over the head nine times, you may finally get his attention."

"I don't much care how you

We all know that Sir Bernhard Binder was too substantial a figure to climb into the bottle. It must have been made around him.

Defiated by US consumer price inder

Sir,--It is regrettable that if a departure from his custom ary constructive and instruc-tive contributions Samue Brittan (July 7) gave the impression that rising profit-were as much to be blanec-for reduced competitiveness a labour costs. By focusing of a supposed balance between profits and labour costs be dis pronts and rabour costs be us tracts from the crucial issue of the buge discrepancy between our and other main economies (whose profits profile is uot dissimilar) unit labour costs in manufacturing.

in manufacturing. The same Bank of England Bulletin from which Mr Brittan reproduced a chart also states — and deplores — that earnings in manufacturing have risch by 8 per cent in the first quarter 1986 and unit labour costs by 81 per cent. The inter compare with 0 to 2 per cent in US, Japan, Germany and France.

and France. He appears to be fairly satis-fied that UK ontput prices are uow rising by only 44 per cent against 54 per cent in 1985, but omits to say that input prices are had failen by 84 per cent in May 1986 after -7.1 per cent in January 1986 and -11 per cent in January 1986 and -11 per eent in January 1986 and -11 per eent in January 1986 and -11 per with US's -24 per cent Germany's -2 per cent The Chancellor, the Bank of The Chancellor, the Bank of

Japan's - per cent. The Chancellor, the Bank of England and Sir Terrence Beckett of the CBI are trying to highlight this very dangerous situation. It is astonishing that the conse-quences are not should from all rooftops and hammered home by the media.

Through the usually short sighted opposition of the trades unions and widespread complacency of management our manufacturing industries be so.

Earnings rises and that Earnings rises and init labour cost, so considerably in C excess of competitors', will not just reduce essential for employment growth. They may lead us into recession. Instead of stimulating employment by moderation they will cause more unemployment. They are now the principal engine of higher inflation in 1987. Gan devaluation be then avoided? The markets are not so blind. (Dr) Edmund Goldberger. 20 Albion Gate W2.

### Exchange control

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From Mr L. Jackson

Sir.—Mr Guscott's proposit (July 7) that the Government investment abroad, with a loct ectually provides a great

Letters to the Editor

mmigrants.

has vanished.

ANTER OF THE STUDYEL ST

romise to remove them if relations but not well thought out. It would simply bring for-vard the grisly day when Labour (if elected) starts to remained in structures abroad to romalise investors abroad to romalise investors abroad to solution for which it is respon-sible and in agreement with the local of flexibility in the way that UDCs might operate. Each one which might be set up could have its powers limited or extended according to the par-ticular circumstances of the location for which it is respon-sible and in agreement with the local authority(s). within whose areas that location for the falls. I believe that is to the vell thought out. It would simply bring for-vard the gristy day when Labour (if elected) starts to penalise investors abroad to fund its fational investment bank. It would be taken by loreign bolders of starling as e orisis signal. Nothing much affects sterling at present but this would. A sterling slido would inevitably push interest rates sky-high. And — in the absence of a Labour Govern-ment — why forego the repatriated profiles of the many British companies abroad timecestarily? Apart fro much fact that the

I believe that it is the feribility which the Act allows which is an important attraction in making further use of urban in making further use of urban development corporation powers and if this were made clear then it might lead to a more recep-tive attitude on the part of some local authorities who are pre-sently not keen on the idea in spite of the immense inner city problems whith which they are trying to cope.

Apart fro in the fact that the UK would be in breach of Community rules on freedom of

Martin R. Horne. The Old Rectory, Acton Scott, Church Stretton, Shropshire. BP and its US nettle From Mr. H. Warman

As John McEnroe said to the unpite, I have to say to Mr Guscott — You cannot be serious!"

Leonard A. Jackson. Stable Cottage, Speldhurst Road, Langton Green, Kent,

Urban development corporations

From Mr M. Horne Sir,-Your article (July 7) on

Nicolas Ridley's proposals to set up more urban development corporations contains the state-ment "Local councils lose all their control over areas desig-nated as UDCs" and you expressed a himilar view in your loader in the With every high Iran. The statement does even less justice to a team of oil explorers who worked in Alaska from the late fifties intil the discovery of Produce Bay field a decade inter under conditions that could with some degree of understatement be described as more onerous and more de-manding than drawing, s ic. graphs of Sohio's performance based on published figures ir speculating on the fair obvious effects of movements : oil pilices. I write as one who hat sto Iran. expressed a ministry view in your leader on Juby & This may be an accurate-comment on what has acturate-comment on what has acturate comment on what has acturated and decklands and Merseyside, but it is not correct to suggest that it would neces-sarily be the case in any future UDC destination. The Local Government Plan-ing and Lord Act employ the

The Local Government Plan-ing and Land Act enables the Savironment Secretary to set up urban development corporations with very wide ranging powers, also enables him to limit those sowers it any way that he "miders appropriate over "lither the whole of the detig-vated urban development area

I write as one who has stim-bled on and stumbled over : fields but to hear the efforts a dedicated team of pro-sionals who worked only 1 often under conditions of exc-tional difficulty, not to ments

I am tempted to quote a few other stumblings by BP but limit if enough to point out that working from a UK base it pre-empted the genuine might of the US oil industry in finding the largest oilfield in the US ?

frequently working at consider-able risk to life and limb, des-cribed in such derivery terms confirms my long held opinion

of our present crop of media

Whatever problems BP may have brought upon itself by its handling of Schle would it not bé a little kinder to give credit where it is due?

H. R. Watman, 64 Lancaster Avenue, Hadley Wood, Barnet, Herts.

European air fates

From Mr A. Luching

oil experts.

From Mr A. Lucking Sir,-Mr Colis Marshall (July 12) underlines British Airways support for a more liberal regime in Europe. One stes where success has been achieved aiready is in awarding discounts to passengers with inter-contingental tickets, benefiting atomid 40 per cent of those fying from London into Europe. BA carties around 3m such per fying from London into Europe. BA carries around 3m such per anhuan and if the consequent reduction in yield averages \$20-\$25. the amount involved is commensurate with the air-line's 1984.85 European operat-ing surplus of £83.4m. So prodits are being transferred out of Europe, where the hest is on, while the Atlantic figures benefit markedly. Sir, - In his article of July Sir, — In his article of July 9 William Hall attributes the start of BP's involvement with Standard Oil of Ohio to the fact that it " stumbled upon one of the biggest difficies in the world inder Prudhoe Bay on Alaska's North Slope."

A few years ago, the Euro-pean sirings published figures showing aggregated losses on the routes under 400 km, caused by these intercontinental " pro-rating " discounts, and on the routes over 1800 km, because the " anti-charter " fares are too here the theory to the theory to the Alaska'e North Bloge," Apart from the fact that the Prudhoe Bay field is essentially onshore and not under Frudhoe Bhy and also that it is not ono of the world's largent oilfields, the statement Bock less than justice to a facturical manage-ment that backed an assessment in the carly 1950s that Alaska offeryed a possibility of being one of the areas that could con-tribute to its need to replace its loss of reserve base due to the Mossadeq eriction from Iran. low. On these long routes, 85.7 per cent of the tickets were discounted.

The key fact is that to maxi-miss profits, the European Abutes in best exploited as a "come on" for the long baul petworks. Yet from the view-point of our European business-communications the inter-

communications, the inter-continental passengers should yield the full applicable local fare, which could then reduced for all.

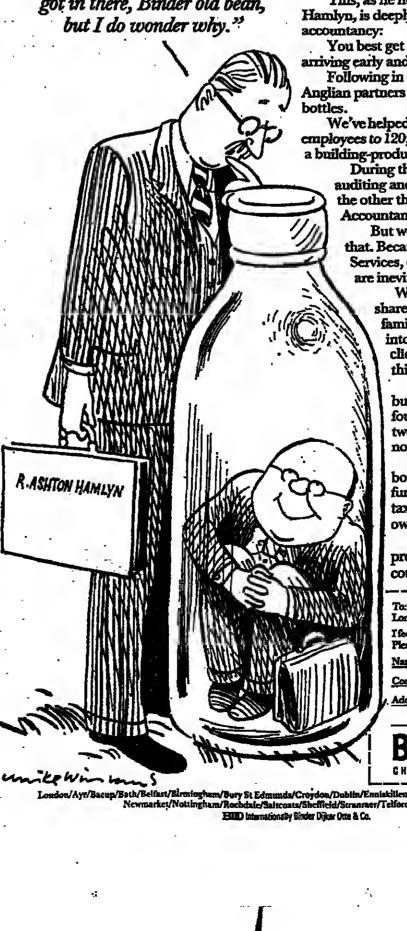
A. J. Lucking. 20 Broad Court, Bow St, WC2

**Linmobile** Sterling in the City

om Mr N. Purchase Sir, -- I bave just seen my first okan down Rover Starling of a season (immobile outside " Manision House). Is this a

jel Purchase.

got in there, Binder old bean, but I do wonder why."



This, as he no doubt explained to R.Ashton Hamlyn, is deeply symbolic of our attitude to

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**FINANCIAL TIMES** 

Tuesday July 15 1986

Peter Bruce looks at Bonn's poor performance despite healthy books

# Europe's power pack struggles to grow

WHY WON'T West Germany's economy grow faster? Prices are falling of the economy to react with more and inflation has, officially, not ex- vigour to falling prices has taken isted for the past three months. The country is beading for an embarrassing record trade surplus of DM 110bn (\$50.3bn) this year, and the Government's own books have seldom been healthier. The West Ger-man economy is supposed to be Western Europe's power pack, but it year will probably grow by a meagre 2.5 per cent this year.

For the opposition Social Demo-crats (SPD), fixated for the past two years by record unemployment fig-ures and cowed by the Govern-ment's success with inflation, the economy's failure to stand up straight this year has come as a come bonus before next January's general elections.

The poor performance so far -given that the right conditions for growth, as far as the Government is ned, are in place - has also made it less likely than ever that Bonn will agree to use its huge ex-ternal surpluses to stimulate growth at home (and, naturally, imports) and act as a locomotive to the world economy. What growth exists may be a far more delicate flower than the Government is letting on.

All the evidence is that the failure good enough to blame the weather for the poor start to the year, says: "The economy of the Federal Reputhe Government aback. Only last month, Mr Otto Slecht, state secreblic in mid-year finds itself in a transition phase between a shorttary in the Economics Ministry, and term, though unexpectedly strong, hreakdown in growth and a new a man of unbridled optimism, was economic revival." talking of growth of 3.5 per cent this

Far more important, it says, the economy was badly hit by weak-nesses in its developing country ex-port markets, particularly those in The fact that gross national grod uct fell 1 per cent in the first three months of this year, from the final the Middle East, where falling oil prices led to orders being lost or warter in 1985, is written off by the Government as an aberration. The weather was bad, runs the excuse. Outside of government, however, the sceptics are having a field day. The Deutsche Institut für Wirts-Not even that sounds convincing, and the DIW is unable to resist al-luding, as the Government always chaftsforschung (DIW), one of the does, to the better things, the 're-

vival", that must inevitably come. The conditions for growth are there, the institute argues, and have remained constant despite the country's five leading economic in-stitutes, says in its latest report that the maximum growth Chancellor Helmut Kohl can expect this year is 2.5 per cent. The less adventurous Westpoor start exports are still growing, though perhaps not as fast as 1984 and last year, the price of oil is undeutsche Landesbank has also said recently that the more conventional target, 3 per cent, is probably also no longer achievable, and the pres-tigious IFO institute in Munich is likely to change dramatically, do-

mestic money supply growth is be-ing maintained at the top of the Bundesbank's target range - some now forecasting growth of between 2.5 and 3 per cent, a full point down 6 per cent - interest rates, at around 6 per cent, are stable, and the 1986 wage round ended with on its stand of a few months ago. The DIW, warning that it is not reasonable settlement of around 4

per cent. So what is the problem? The difficulty seems to be that al-though export growth is flattening vestment becomes even chesper? out, as expected, the domestic mar-ket is not taking up the slack fast enough. The hoped-for transition from the export-led economy up to autumn 1985 to one dominated by

domestic growth has not hap-pened, the DIW, says. Exports made up more than a third of total GNP early in the year, well above total investment, at around 20 per cent of GNP. For the ment, the Government and economists comfort themselves with forecasts of a 10 per cent rise in capital investment in West Germany this year. But the same optimism appeared last year, when this spending actually fell. It is unlikely that 1985 will repeat

ernment, it seems, may be reckoning without the perversity of its electorate. Has the success of Mr next year. Gerhard Stoltenberg, the Finance

It may just be possible that corporations faced with major spend- precise and to agree to restoring ing decisions, and private consum- the state's share of GNP to 50 per ers faced with slightly smaller ones, cent, which it was when the SPD are saying to themselves that if last ran the country.

prices are indeed falling, would it A surge in domestic spending promised now for more than a year might actually require a slight bump in inflation's downward curve to spark it off. There are, of course, voices call-

ing for calm - 2.5 per cent in 1986 is perfectly respectable, they say. It has also become fashionable to argue that the country is lucky to have got so far into an economic recovery without having had to rely yet on the domestic market.

The Government, once so bullish, is bound to be slightly emberrassed about the delay in growth, if only for reasons of ego. It can take n lot of comfort, however, from the fact itself as dramatically, but the Gov- that the SPD is itself locked in a battle over what economic policie to present to the electorate early

The opposition is broadly in faminister, in fighting inflation dulled wour of job-creating policies, but the leadership is facing a strong challenge from the left to be much more

# THE LEX COLUMN Oil in the day's work

HALANDAY

The petrocurrency theory of ster-ling has taken a hit of a battering this year, in what should have been its apotheosis. So yesterday's combination of a sliding crude oil price followed by a mini-collapse in sterling, gilts and equities may have caused sentimental traders to wipe the odd nostalgic tear from the eye. Nut that the shudder across the markets compares with the hysteria of 1985 when the unsche departure of an oil minister from the Opec conference table and the awful prospect of \$25 n barrel oil caused the UK Government to put

up interest rates by 4 points. More likely, the petrocurrency disease never lost its virulence, but was only obscured by the simul-taneous correction to n heavily overbought dollar. During the oil price drop to \$10 n barrel in the first quarter, sterling did indeed lose ground heavily to the yen and the D-Mark. This time, as the oil price has failen from \$14 to below \$9, the pound has suffered n relapse against the dollar too - thus recreating, in the gilt-futures market at least, something of the feel of an old fashioned sterling crisis.

The weakness of equities yester-day seemed almost unrelated to the oil factor. The oil sector yesterday was notable for its resilience, with Shell shares actually rising. Per-haps dealers were reckoning on the old trick in which UK oil companies' earnings and dividends are protected from demolition by the appreciation of the dollar against sterling. They should know that, while at \$30 a barrel it took a 5c shift in the sterling dollar rate to compensate for a \$1 oil price fall, at S10 a barrel, the companies need a 12c depreciation to protect against the same fall in the oil price. And with sellers of August Brent at \$8.85 mable to find a buyer yesterday, the recovery to \$14 in May recalls the adage that just because a cat bounces up five floors after falling off a skyscraper, it does not mean it

BHP

### nerable investment trust whose as sets consist of bits of island colour about to change hands. M Were Dairy Farm sold to share 1800 holders at book value of HESIba COMPOSITE INDEX McKectinie Brost Standard Charten Woolworths the goodwill accrual to them would be spectacular: Dairy Farm earned around \$365m before tax in 1985 1600 and is growing at a rate to justify a double-figure multiple. It was not at all surprising that Land's London hare prices share price was trading yestenday at a premium to the Hong Kong 1 TA ALL-SHARE closing - and even less so that Jar-dine Matheson and Jardine Securi-Adjusted

That's BTR

achieving the agreement of either Bell Resources or Elders to an acquisition except on their individual and, presumably, contradictory terms. For the moment the market is expecting the most likely out-come will be a bid hy BHP for Elders very much on Mr Elliott's terms: Elders share price has risen 10 per cent against a falling market in the last week. The whiff of n solution to an intolerably unstable situ-

120

ation makes BHP's unaided results a somewhat academic study, For the record, BHP earned A\$988m for the year to May, or a bit below the directors' forecast before the catastrophic fourth quarter on the oil side, and could probably make A\$850m this year with a bit of help from a failing currency.

Hongkong Land It is hard to know what to make zled into accepting or "selling of yesterday's statement from through the market to the efficient Hongkong Land. The mooted de- are implicitly agreeing to suffer

merger of Dairy Parm, one of the largest food manufacturing and re-tailing businesses in the Far East, is not very odd in itself or in terms of Land's recent history of debt re-

where as receding from each other towards a draw attention to assets underval-2.1 ratio, the sale of Dairy Farm ued by the market, and the defence looks less like a sage 15 per cent may include profit and dividend

duction through asset disposals. day to 718p shows why. But the coincident resignation of a But in most cases loyalists will chief executive noiversally aredited still be better off the the specula-with Land's recovery is strange. with Land's recovery is strange. palor to the bid or, in these specula-Having recovered to the point tive days, before the rumour which et values and net debt are preceded the bid. The offer can the debt-reduction exercise and more forecasts exceeding earlier marke price; though the market's current

- **1** -

ties, speaking for about 35 per cent

of Land's equity, were up there too.

Having suffered miseries from its cross-bolding in Land, Jardine now

seems intent to make it all up. It has reduced the risk of a back-door

takeover by transferring half of the

Land cross-holding at a discount to

Jardine Securities and now looks

set to pick up a direct interest in

Land's international operations

when its own have been doing now

too well. Perhaps this distressed

Land's chief executive and perhaps

One of the most obvious ploys of

any bidder in the last days of an of-

fer is to warn its victim's sharehold-

ers that the value of their shares

will fall if the takeover fails. A bid

der may be willing to pay a certain

price for control of a company which would not be justified in the

secondary market without the bid.

Investors who refuse to be bamboo

that penalty. A singular facet of Standard Chartered's defence against the 873p offer from Lloyds

Bank is that so few remained to

face the music the 57p fall yester-

**Post-bid blues** 

Thatcher and Howe fight as games boycott grows to visit Moscow By Robert Mauthner in London

MRS Margaret Thatcher, the UK Prime Minister, has accepted an in-vitation to visit the Soviet Union, it was announced vesterday following talks in London between Mrs Thatcher and Mr Eduard Shevardnadze, the Soviet Foreign Minister. The date of the visit will be ar-

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ranged later. The talks, which lasted more than two bours and followed a three-hour meeting between Sir Geoffrey Howe, the UK Foreign Secretary, and Mr Shevardnadze, marked the end of a long freeze in Anglo-Soviet relations.

British officials, who described

BY PETER RIDOELL AND PHILIP BASSETT IN LONDON MRS MARGARET THATCHER, the UK Prime Minister, believes she has succeeded in winning the argument against the imposition of general economic sanctions against South Africa and in therefore scaling down expectations ahead of the Commonwealth leaders' summit in London early next month.

This is despite the clear disagree-ment with her views, and the belief in the inevitability of sanctions, expressed not only by Commonwealth leaders like Mr Brian Mulroney, the Canadian Prime Minister, but also by senior members of Britain's

ruling Conservative Party. There was also growing evidence yesterday that more nations, prob-ably including India, would join the boycott by some black African states of the Commonwealth in Edinburgh, Scotland,



Margaret Thatcher

questions in the House of Commons today,

cott. "There is a good case to do so, whether it is a fibn investment or Sir Geoffrey Howe, UK Foreign the food used in company can-Secretary, may make a Commons statement today about his visit last teens.

# Thatcher hopeful on sanctions Eta car bomb kills 8 in Party managers are worried that Mrs Thatcher's hunt words have Madrid raised expectations among the Tory rightwing that she will not agree to

measures against South Africa. There could therefore be divisions haven zone for Spanish Basques of within the parliamentary party if such action had to be taken.

The TUC's move, announced at a special briefing conference in Lon-don for its 89 affiliated unions, comes in advance of a delegation to colony of Gabon was a break with precedent for he was the holder of a refugee card since fleeing across South Africa later this week beaded the border to France in 1968. by Mr Norman Willis, TUC general

It underlined, however, the clear commitment of the French Govern-ment to rid itself of Eta suspects. In the past 2% years, 38 Ets members who were living clandestinely in south-west France have been deported to a series of locations, inchuding Ecuador, Panama, Togo and

the Cape Verde Islands. Mr Iturbe's deportation

Continued from Page 1

the Eta organisation. The decision to expel Mr Iturbe to the former French West African

WAS

and Mr Shevardnadze as "husiness like." said it was clear that relations between the two countries were "fully operational" after last year's setbacks. The main setback was the tit-for-tat expulsions of diplomatic staff and journalists in October last year, which were initiated by Britain but reciprocated by

Mr Shevardnadze handed to the Prime Minister a message from Mr Mikhail Gorbachev, the Soviet leader, on current arms control issues the contents of which have not been disclosed, and to which Mrs Thatcher will be reply in due course.

Sir Geoffrey bas also accepted an invitation to visit the Soviet Union next year, and his discussions with Mr Shevardnadze were described as "very relaxed and constructive."

While both meetings focused on arms control problems, they also covered the whole range of hilateral and East-West relations

Sir Geoffrey and Mr Shevard-But the Government has also in-corporated a type of "golden share" arrangement to protect control over nadze agreed that contacts between Britain and the Soviet Union, both at ministerial and official level. should be organised on a more regular basis. in particular, experts access that foreign groups would have to French companies, Mr Mit-terrand took as his justification the from the two countries will shortly meet to discuss ways of combatting international terrorism.

It was also agreed that a special tripartite conference bringing together government officials, academics and other experts from Brit-ain, the Soviet Union and the US should be organised in the near future to discuss economic and industrial co-operation in the 1990s.

sufficient guarantees "that what he-Sir Geoffrey and Mr Tim Renton, Minister of State at the Foreign Of longs to the nation would remain in French hands." He pointed, in partifice, told Mr Shevardnadze that the cular, to the vulnerability of French British Government attached the companies to the acquisition of highest priority to the conclusion of their shares by other EEC concerns. a chemical weapons agreement.

Nixon in Moscow, Page 3

20

next week unless Mrs Thatcher acweek, as president of the EEC Council, to black African states. He cepts the need for sanctions.

As a leader of the non-aligned world, India, if it decided to stay away from Edinburgh, would deal a severe psychological blow to the games and to Commonwealth unity. In an attempt to put further pres-In an interrupt to put further pres-sure on the UK Government to im-pose sanctions, Britain's Trades Union Congress (TUC) yesterday called on all its 9.5m affiliated trade

unionists to boycott South Africanproduced consumer goods. Some senior Conservatives, in-cluding Foreign Office ministers,

are hoping for a softening of Mrs Thatcher's tone when she answers

Mitterrand

**Continued from Page 1** 

ing their global market share.

five years in sensitive, oil, arma-

ments and electronics groups. Attempting to limit further the

recent ruling of the Constitutional

Council France's highest legal body - which said that privatisation must

ensure that "natinnal independence

is preserved." President Mitterrand asserted

yesterday that on this basis he was

not satisfied the decree provided

Mr Mitterrand said be wanted to

see the guarantees written into a

is to speak in the debate tomorrow on South Africa initiated by the opposition Labour Party. Mrs Thatcher's allies argue that her recent diplomatic efforts had

been intended to clarify and shift the terms of the international debate towards a concentration on special measures rather than punitive sanctions.

Several senior Tories believe, bowever, that the Prime Minister's strong condemnation of general sanctions as immoral has hlurred the distinction with special measures and isolated her politically.

up to the Parliament to shoulder its responsibilities," be said. He also

made clear that be wanted the oth-

er major point on which the Consti-

tutional Council insisted - that na-

tionalised groups should not be sold

off below the value determined by

an independent commission - also

His remarks did not suggest he

was ready to negotiate over the

Until now Mr Chirac's timetable

had been to have the signing of the

privatisation decree this week fol-lowed by the fresh appointment or reconfirmation of the heads of na-

tionalised groups by the end of the

month. The first privatisation was to have been launched in Septem-

The privatisation law will now

have to go back to the National As-sembly - if Mr Chirac chooses this

**Continued from Page 1** 

included in the law.

wording of the decree.

ber.

will not sign decree

law approved by parliament. "It is course - at a moment when depu-

strongly criticised in Basque na-tionalist circles over the weekend The TUC intends to step up its ad vertising campaign on South Africa, which has so far cost more than £20,000, and it is to make a fresh call for funds from affiliated unions Strong opposition to the imposi

tion of sanctions came yesterday from Sir Leslie Smith chairman of the British Industry Committee on South Africa. He told MPs at Westminster that sanctions would 'leak like a sieve.

ecretary, and Mr Ron Todd, chair-

Mr Willis said he was hopeful

man of its international committee

that union members would respond

to the TUC call for a consumer boy-

The best way of encouraging political change in South Africa was, in his view, by increasing black standards of living, skills and edu-

cation. Mixed response to strike call, Page 4

ties and senators were hoping to es-

cape for the month of August. Put-

ting a brave face on it yesterday,

Mr Alain Madelin, the Industry

Minister, said that a text could be

put through parliament in three weeks, a delay most observers

Drafting fresh lesiglation to in-

er foreign control would be diffi-

corporate Mr Mitterrand's point

cult because it could run counter to

EEC law which bans discrimination

in share dealing. At the same time it would establish two types of pri-vate companies in France - those

But Mr. Mitterrand acknowledged

similar form as the present decree.

unions to a meeting tomorrow.

If the Andreotti mission fails, as

seems possible, the prospect of ear-ly general elections will increase,

well ahead of the end of the present

parliament in 1988.

would be indefinitely limited.

weeks, a delay judge optimistic.

for the charismatic Basque separa tist was held as the sole Eta leader capable of negotiating an end to Basque terrorism with the Madrid authorities. Members of the radical Basque party Herri Batasuna, which acts as Eta's political front and which re

turned five Congressmen to the Ma drid parliament in last month's elections, claimed that Mr Iturbe's expulsion had closed all avenues to wards a settlement in the longstanding Eta problem.

bomb blast yesterday ap The peared likely to harden opinions in political circles against Eta.

Mr Felipe Gonzalez, whose Socialist party won an outright major ity in the June polls and who will certainly be selected by the King to serve a second term as Prime Minister, is now likely to place the erad-ication of Eta high on his list of pri-orities when he makes a scheduled investiture speech next week.

# London shares and £ tumble

**Continued from Page 1** 

the current account into deficit before the end of 1986. The UK Government expects a gradual depreciation of sterling, and an increase in the general level of world trade, resulting from the stimulus of lower oil prices, to offset this deficit in future years, but into which foreigners could buy and those which had been privatised and in which foreigners' stakes investors have become more con-

cerned about how long it will take before these effects become appar-In addition, some City of London

economists have become worried that he would be obliged to sign a law that was presented to him in a that the Government may have to increase its borrowing to make up for the loss of petroleum tax receipts as a result of lower oil prices, and fear that Mr Lawson's scope for cutting taxes in his 1987 budget may now be constrained.

Mr Stephen Lewis, chief econo mist at London broker Phillips & Drew, said: The weakness in sterling and gilt-edged prices seems set to persist as long as the view holds sway in foreign exchanges that the UK anthorities are not averse to a further decline in the UK curren-

Sterling closed in London at DM 3.2275, down 6% pfennigs from Friday, and at \$1.4815, a loss of more than 2% cents. The dollar weakened vesterday, dropping nearly 1 pfen-nig to DM 2.1795. Against the Japa-nese currency it fell more than Y1 to Y160.25.

UK giltedged securities fell by up to 2 points, and the FT Ordinary share index dropped 27.4 to 1,309.9. The broader FT-SE 100 share index dipped 29.1 to 1,597.3.

As befits a business facing threat of dismemberment, BHP is like the renunciation of vahiable estimates justifying a higher share ooking for a fourth arm. Whether cash flow without which Land BHP is in a position to choose would have been truly stuck a year failure to capitalise the earnings which arm to add to its oil, mineral or so back. If the hotels, too, are and dividend growth proffered in and steel limbs is quite another sold or demerged as remains possi- mid-bid by Woolworth is a cantion-matter: it is hard to see BHP hle, Land will contract into a vul- ary example.



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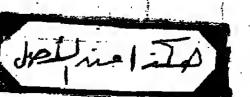
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Realizes at mid-day w izin F-fair Fg-fag without the Socialists.

Friday morning to 5.5 per cent.

Commists. Mr Andreotti's mission was given a slim chance of success last night as two of the smaller parties in the five-party coalition - the Liberals and Social Democrais repeated that

Analysts in Milan pointed out that the stability of the five-party

seized upon by Rome politicians, government led by Mr Craxi over who warned of the dangers of a the past three years had helped the deal between Mr Andreotti and the private sector to grow and to reduce broker.

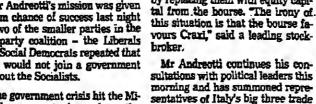
they would not join a government

dependence upon costly bank loans by replacing them with equity capi-tal from the bourse. The irony of this situation is that the bourse favours Craxi," said a leading stock-

Craxi snubs Andreotti

The government crisis hit the Milan bourse yesterday, where the main share index fell by 3.23 per

cent, bringing the decline since last



# **SECTION III FINANCIAL TIMES SURVEY**

JAPANESE PRODUCERS having crushed the competition in the Far East, are now threatening to make a clean sweep in the light commercial vehicle markets worldwide. They have made major inroads in the US, capitalising on the huge demand there for pickup t ucks which are mainly used as substitutee for cars.

They have captured nearly 20 per cent of Western Europe's sight commercial vehicle sales and hy 1990 could be accounting for 40 per cent, according to some into med commentators. As Mr Carl Hahn, chairman of Volkswagen-Audi, told an American audience recently: "The Japanese industry is awe-The Japanese industry is ave-some in its depth and its strength, not all of which appears in our journals. For example, we hear much of addi-tional passenger car sales in the US, but we hear very little of the Japanese manufacture and importation of compact pick-up trucks — trucks which are sold as, and most often used as, passenger cars. importation of compact pick-up trucks — trucks which are sold as, and most often used as, so on to be spread across a Ms Marayann Keller, one of the figh cost of engines, trans-missions, axies, floorpans and so on to be spread across a much higher output than for cars alone.

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.... S. 63 67 n en el californi a perser circagat passenger cars. Ms Marayann Keller, one of the foremost US commentators on the antomotive industry and a vice-president of research at-Furman Selz Mager Kietz and Birney, has also been-attempt-ing to draw attention to this aspect of the Japanese threat. "While everyone's attention has been focused on Japanese penetration of automobiles, Japanese vehicle manufacturers have: been alowly but de-liberately entering new seg-ments of the lightweight truck market," she points out. "Just as the Japanese suc-cessfully have fragmented the subcompact and compact car markets in the US, they are about to do the same thing in lightweight trucks. "Currently lightweight trucks are very profitable for US auto-makers. However, it will be im-possible to maintain sales volume and margins if the Japa-nese fracture the truck market with so many styles and models as they did in cars." Helped by the attack on the hightweight truck markets of North America and Western Europe, total Japanese commer-cial vehicle output rose to re-

trucks.

**Vans and Light Trucks** 

Japanese makers have made big inroads in the US and Europe, selling pick-up trucks as substitute cars and light vans alongside those of local makers. Home and export markets alike are affected since there is little overall growth in demand.

# Hard lessons from the car market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT



What European and US makers are up against. The Toyota Hi-Ace pauel van exemplifies the highly successful vehicles that Japanese manufacturers are selling in world markets ...

system agreed hy the Japanese (which does not include car-and US governments—a quota derived and micro vans) up to which ended in April this year 3.5 tonnes gross weight. Ever on the look-out for new niches to fill, the Japanese are

Ford, which huilds the Transit in Britain and Belgium, and Volkswagen of West Germany. In 1980 the Japanese had only 11.8 per cent of the medium van sector in Europe (15 countries) and hy the end of last year had built their penetration to more than 21 per cent. The London-based DRI	a time when there is relatively little growth in demand expec- ted. DRI Europe, for example, predicts that sales of commer- cial vehicles up to 3.5 tonnee gross weight (including, this time, car-derived and micro vans) in the seven major West European markets will go up from 912,600 last year to 937,600 in 1986 hut fall back to 931,600 in 1987. Demand should elimh
The London-based DRI Europe group forecasts that by	

Europe group forecasts that by the 1990s the Japanese will take 40 per cent of the medium van 1990s

the 1990s the Japanese will take 40 per cent of the medium van husiness—the fastest-growing vehicle market. Two elements in particular will extend the Japanese pen-tration. First, the Jepanese will European factories. Name is making the Varnete at in Motor Iberica make more wans at their own European factories. For example, Nissan is making the Vanette at lis Motor Iberica subsidiary in Spain.

Second, in response to their own falling market shares, the Europeans are likely to look for ways to reduce the cost and investment needed for new Japanese vehicles to do so, either by importing them fully hullt-up or by producing Total sa Japanese-designed vehicles.

with so many styles and models as they did in cars." Helped by the attack on the highweight truck markets of North America and Westers cial vehicle output rose to ro cial vehicle output to 2.5 the style and Nissan set up its in the so-called sport-util pick-up truck assembly plant in the States. What was once cial vehicle output to the states of the farst plantese accounted in the states. What was once the states what was once to cord levels last year, by 5.3 per vehicles 'still among the lowest-priced Bronco and Chevrolet Blazer. The sole of the farst plant still among the lowest-priced Bronco and Chevrolet Blazer. The value to the Japanese accounted in April to 2.5 the still smoot the lowest price. The back seat was treated as for 25 per cent of the medium added a light wan produced by its Japanese accounted its range in West Cernany with cars and are often with cars and are often inter statill commercial. The value to the Japanese accounted is range in West Cernany the state and very stractive to private and very stractive to recart is 2.5 the state and very stractive to recart is Renault Peugeo Japanes Ford Fist GM-Ope BL-Aust Volkews

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Industry

Transit was in short supply. They built their medium-van	CONTENTS
segment share from 14.5 per cent at the end of 1985 to 18.2 per cent.	The UK The US
Shipments of light commer- cial vehicles to Britain are covered by the voluntary restraint agreement between the Japanese and the UK motor	West Germany France Italy
industries, but West Germany is wide open to attack. In the first quarter of this	Spain Japan
year the Japanese share of the	Medium vans
West German medium van sec- tor rose to 29 per cent from 23.28 per cent at the end of 1985. Volkswagen and Ford once	Light trucks Car-derived vans Diesels
dominated the Western Euro- pean van markets. But since 1982, VW's share of the medium	Four-wheel drive Concept vehicles
sector is down from 17.2 per eent to 15 per cent, while Ford's share has been reduced from 16 per cent to 10.5 per cent over	Electric vehicles Driver's view
the same period. The Japanese push comes at	markets. DRI suggests

he same period. The Japanese push comes at time when there is relatively title growth in demand expec-d. DRI Europe, for example, il vehicles up to 3.5 tonnes, which were 273,300 in 1980 and had fallen to 180,200 by 1985 will drop again to 168,200 this year. Until the mid-1990s, the best the European markets will go up rom 912,600 last year to 937,600 a 1987. Demand should elimh market with ear-based vans and

I

market with ear-based vans and mlero-vans. Six years ago they moved up to medium vans with moved up to medium vans with higher value. There is plenty of evidence they are now taking the process to its logical con-elusion and will attack the light truck segment where volumes are lower hut value is much higher. The same can be said of the

more than im this year, roughly the same as in 1985, and remain at this level for a few more years to come. This is hecause, apart from taking volume away in Europe, the Japanese are also cutting out the Europeans in export

### Western Europe's light van market

1982	1983	1984	1985	<b>†198</b> 6
396.8	435.1	418.8	496.2	143.9
_	- Mark	tet sha	res % -	_
36,3	33.3	30.1	23.3	28.3
20.2	17,2	16.2	24.7	24,2
10.1	10.8	11.4	13.2	11,9
8.6	7.7	9.3	9.6	7.7
9.7	10.1	11.1	9.1	7.6
4.1	4.9	6.5	6.6	7.6
5.2	6.1	4.7	4.5	4.6
2,8	4.0	3.8	4.2	4.4
1.8	4.7	5.4	3.8	2.9
	396.8 36.3 20.2 10.1 8.6 9.7 4.1 5.2 2.8	396.8 435.1 Marl 36.3 33.3 20.2 17.2 10.1 10.8 8.6 7.7 9.7 10.1 4.1 4.9 5.2 6.1 2.8 4.0	396.8         435.1         418.8           36.3         33.3         30.1           20.2         17.2         16.2           10.1         10.6         11.4           8.6         7.7         9.3           9.7         10.1         11.1           4.1         4.9         6.5           5.2         6.1         4.7           2.8         4.0         3.8	20.2         17.2         16.2         24.7           10.1         10.8         11.4         13.2           8.6         7.7         9.3         9.6           9.7         10.1         11.1         9.1           4.1         4.9         6.5         6.6           5.2         6.1         4.7         4.5           2.8         4.0         3.8         4.2

TRAISIT



Party as a result of the -tariff, both GM and Ford intro-duced "downsized" or smaller pick-ups and Nissan set up its



# HASBEGU

TRANSIT number one rolled off the Ford production line In 1965. Last year the astonishing figure of 2,000,000 was reached. Now the next chapter has begun.

EVOLUTION NOT REVOLUTION. Ford have combined all the most successful features of the last twenty years with all the latest knowledge and technology. They've produced a Transit that's even more economical, vet has far greater loadspace and better load access. A vehicle with a higher level of comfort, but one that is even more rugged, even more reliable.

THE CLASSIC DESIGN CONCEPT. The design concept is a classic. The cab, engine and loadspace are located in three separate compartments, so no one element interferes with the others.

Rear wheel drive is featured on all models, while for the first time short wheelbases have independent front suspension. And to cut maintenance costs, self-adjusting mechanisms and

lubricated-for-life components have been included in the design. Even the bonnet hasn't been overlooked - it opens higher and wider for easier access to the engine.

STRETCHING FUEL ECONOMY BOUNDARIES. Ford have also made the new Transit cheaper to run. Aerodynamics have been improved dramatically giving it a drag co-efficient that few others can equal. And the engines are among the most reliable and cost efficient on the road.

Add all this to the versatility and economy of Ford's own gearboxes and you've got a cost-cutting combination.

TAKING LOADSPACE INTO ANOTHER DIMENSION. As for loadspace, the new Transit boasts even more than its illustrious predecessor.

The long wheelbase features a semi-high roof with 297 cubic feet of loadspace – a 13.5% improvement. The short wheelbase has 11% more room than before with 202 cubic feet. But short wheelbase models also offer a semi-high roof option, boosting the overall loadspace improvement to 22%.

Access has also been improved.

The rear doors are up to 9" taller and rear loading width is up to 51/2" greater. And there's a new low-effort, sliding side-door available that can easily swallow a metre-wide pallet.

LEAVING YOUR OPTIONS OPEN. Needless to say the new Ford Transit is a very versatile vehicle. It's available in van, chassis cab, bus and crew-bus models with a choice of seven payloads and three different wheelbases. With over a thousand Ford dealers spread across the country your options are also open when it comes to arranging a test drive. In the Ford Transit success story, the next chapter has begun,



# THE NEW FORD TRANSIT.

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Financial Times Tuesday July 15 1986

# Vans and light trucks 2

### US truck sales and stocks

(Five months 1986)			_	General M	GMC			
	Chroni	ler Cerps.~			truck &	Jeep		
	Dedre	Plymouth	Rord	Chevrole		Corput.	NISSEE	Total
9-6,090 Ib:	Profes	- Alteret						
WTATES.	9,369		36,948	66,112	15,996	23,559		151,886
	2,200	_	30,320	9.846	1.215		_	11.061
Car-type pickup			-	8,010	The start		1.1	
Compact pickup:		• •	100 401	61000	41 466	12,230	\$6,843	281,67
Domestic			120,421	. 91,283	21,399	Layaroo		31,76
Import	\$1,769				4		_	44,017
Mini van	6,569	_	10,204	22,549	4,704	_		46.310
Van	7,335	<u> </u>	29,295	8,401	1,279	-		30,310
Conventional pick-								
100*	23,675		67.868	105,493	28,423			228,459
Station wagont		_				34,163		34,16
Mini passenger								and the second
carrier	50,589	49.066	46.029	39,474	8.600		-	193,749
Passenger carrier	4,719	20,000		551	125			5,395
Lassender Chulet	4,114	_						
Tetal	134,025	49,066	810,748	346,709	81,651	69,952	36,343	1,028,483
5,091-10,000 Ib:								
Utility	5	_	19.739	17,178	3,438		_	40,360
Van	23.666	_	30,773	40.241	10,422	-		105,102
Van entaway (type	20,000	_	447114					
C)			12.848	6.586	1.898		_	21,332
Conventional pick-	_	_	There	-				
and a second sec	13,948	_	145,966	58.905	17.962	640	_	237,421
Station wagont	10,010	_	1.20,000	23.675	7,601	6,186		37,462
Passenger carrier	13,679	=	11.919	6,882	1,529			34,009
Multi-stop	10,019	=	1010	16,812	1,802		-	18,614
			001.045	100 970	44.652	6.826		494.300
Tetal	51,298		221,245	170,279			_	as the de
	* Includ	ing extend	led and	Crew cabs.	† Truck	Chassis-		

# The US Family drivers boost

THE GROWING number of Americans using light trucks as personal vehicles has made them more popular than cars for some manufacturers, and contributed to a strong light truck market that continues despite slowing US passenger-

car sales. Near-record sales of lightduty trucks also contrasts with a aluggish market for heavy-and medium-duty trucks used primarily in commerce. Light-duty (under 10,000 lbs gross vehicle weight) US truck gales through May 1986 totalled LSm. several thousand units ahead of last year's total year-to-date figure. Last year's total of 3.7m was a record year for US light truck sales.

The apparent momentum in light-truck sales persists in the face of a softening market for passenger cars that was off 1.3 per cent to 4.6m units for the first five months of 1986 com-

pared to a yesr ago. A number of factors seem to be combining to maintain demand for light trucks in the US. Relatively new on the market are several new com-pact pick-ups and light vans designed specifically for the needs of the average family.

.The largest US-built sedans and station wagons, long the primery vehicle for solution families, have largely been replaced by physically smaller cars as manufacturers res-TIS reanist



The new Jeep Wrangler: American manufacturers are having to look carefully at the utility market where Japanese makers are increasingly strong.

sumption of cars built in the sales of their latest small US. One result has been a vans are to non-commercial boom in so-called "mini" vans pressed into passenger carrying Chrysler's front-wheel-drive pressed into pessenger-carrying service by suburban families. wan, which will add a longer body to the line this year, has "Minivans fill a wide variety of needs." They're much more an even higher percentage of owners using it as a passenger versatile than station wagons, with various scating arrange-ments," says Mr Jerome Mitt-man, light truck marketing plans manager at Ford. vehicle

Mr Mituman says the increase plans manager at Ford. Both Ford and General has promoted demand for state Motors introduced new shorts "pensive hurary interiors, auto-wheelbase vans late last year, a matic transmissions and alt-year, after. Chrysler first began conditioning-invury items not selling a radical, front-drive normally ordered by farmers many buyers as an alternative "of first delivery customers. in buyers who are now shopping "Our most expensive pickup is slightly more than \$20,000 now," Mr Mittuan says. If's a trend likely to many buyers as an alternative to the traditional station wagon. Now market analysis at both

wide basis, but the strong mar-ket in the US is viewed as a strong incentive to proceed.

turers, since light tracks are manufactured in high-volume, standardised plants that keep unit costs low. Standard size pickup trucks normally are the largest-volume single model vehicle of any type for GM, Ford and Chrysler. otal

1.886

The continuing drop in fuel prices in the US is often men-tioned as another reason for the strong sales of light trucks. Yet small imported pick-ups, mainly from Japan, have THE LONG recovery of the UK commercial vehicles market from its 1980-81 trough-the deepest in the industry's post-1,876 1,769

increased even more than domestic sales. war history-has continu ing the past 12 months. Imported trucks currently

up in a brandnew, highly auto-mated assembly plant. American manufacturers also

trucks in Europe has dis-couraged such plans on a world-

The further improve imported trucks chireduy are running about 29 per cent of total light truck sales in the US, up from 18 per cent a year ago. That's a similar gain to the increase in import car penetration of the US market, now at 25 per cent compared to 28 ner cent made possible by growth in the which has shown remarkable resilience to the collapse of the oil price-has been particularly noticeable in the vans and light

Now at 20 per cent compares to 23 per cent. Neither Japanese cars nor trucks are unrestricted in the US market today, but while the Japanese have set self-imposed quotas on export volume in truck (up to 7.5 tons) sectors.

truck (up to 7.5 tims) sectors. Between 1981 and last year, sales of light vans-mainly those derived from cars-increased by 60 per cent to reach 93,685. A further rise was enjoyed in the first six months of this year, although the momentum has slowed: Society of Motor Manufacturers and Traders registrations showed a further 4.2 per cent increase, compared with last year's first half, to 50,375 units. quotas an export volume in cars, trucks are currently inhibited only by a relatively high tariff of 25 per cent. Apanese imports of light trucks likely would have been even higher if Ford and Chero-let had continued to import so-called "captive" trucks manufactured in Jepan and sold under the domestic manu-facturer's label.

Until the last few months the experience had been repeated, though to a less dramatic extent, with medium and heavy pur-pose-built vans (those with gross vahicle weights of between 1.8 and 3.5 tons).

ied dur-

facturer's label. Ford and Chevrolet stopped importing Japanese models two years ago when they introduced their own domestically-mann-factured models. Chrysler, which is beginning production of its own light pick-up this summer, will continue to import trucks from Japan made by At their nadir in 1981, sales fall to 98,510. By last year they were back up to 121,200-e 23 per cent gain. In the first half of the current year, sales have actually fallen back slightly, by 3.5 per cent, to 62,960 compared trucks from Japan made by Mitsuhishi,

Missunishi. The actual presence of the Japanese in the US market is sumewhat higher than indi-cated by sales of direct imports. Nissan currently makes about 10,000 light pick-up trucks in its UC manufactular plant with the year-ago half. The recovery in light truck sales has been on a par with that of medium and heavy vans, reaching 20,380 units last year. in its US manufacturing plant in Smyrns, Tennessee, a 24 per cent increase compared with 1981.

in Smyrns, Tennessee, assembled mainly from com-ponents produced in Japan. US light truck manufacturers The question is, do the signs of finitening of the sales curves this year indicate that another downtarn will not be too long of new models and technical changes expected to add momentum to the market. delayed ?

Both Ford and Chevrolet are introducing redesigned stan-dard pick-up trucks this year-Consultancy group DRI Europe, for one, thinks this is not the case. The buoyancy of an unusual occurrence since light trucks are redesigned only the economy, it forecasts, will take both vans and light trucks about once in a decide. American Motors recently intro-duced a new pick-up truck based on its four-wheel-drive into further sales increases, at least until the end of next year. For 1987, it predicts sales of light vans will reach 98,325, medium and heavy vans 134,025 and light trucks 21,080. Jeep. Chrysler also currently is launching a new mid-size pick-

Behind the encouraging over all figures, however, lies con-tinuing fierce rivalry for sales among manufacturers and imare studying plans to build standardised chassis for light intensified by a number of landmark new models during. trucks that could be adapted to various uses, including vans, pickups and four wheel drive utility vehicles. The soft market for light the past year.

Those models have included not only the long-awaited 're-placement for Furd's original, 20-year-old Transit, but the second van within two years from Bedford, General Motors' troubled UK commercial



The UK :

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'me new Ford Transit. Its sales will be a key to market shares in the UK's medium van sector.

Bedford, which announced 1,700 redundancies in June, stuit needs a replacement for the CF, in the face of the new Transit. But at the time of the talks with BL it said that investment in a new van would be worth-while only if there was a joint

world van and BL options now sector with its Trafe and Master closed off, will it once again range, with 5,075 sales in the

New models intensify fierce

# rivalry for sales among

# manufacturers and importers

turn to the Japanese for a solu-tion? drop of nearly 500 vehicles on However, new model intro-ductions have not been confined and suggests that Renault might

However, new model intro-ductions have not been confined to UK-based producers, who have faced increasingly stiff be an early casualty of the resurgence of the Transit, which closely resembles the Renault models in appearance. competition from importers in the medium and heavy vans ectors. The consolation for Renault. Nissan UK, for example, bes is the immediate success in the

months of this year, to \$,165 which has produced a mean from 2,040. Niasan attributed tripling of sales for Renault in the jump to better availability the carderived van sector in of vehicles from Japan, but the the first half of this year, to total included 775 vans from 1.930 units.

1,830 units. No less spectacular has been Citroen's performance in the same sector, with Spanish-Built van versions of its Vise car. Despite the vehicle's colour choice white and red only, its logo, a bottle on wheels, and names—Van Blane and Van Rougo—the little Citroen captured 1,375 sales in the first half following the sales launch at the start of the year. Other new arrivals in the first

at the start of the year. Other new arrivals in the market include pick-up and ym versions of Volkswagen's Polo, and the T2 heavy van range from Mercedes, in weights, between 3.5 and 7.5 tonnes, with which Mercedes hopes to secure 30 per cent of sales in this sector, up from 25 per cent with previous models. The completion inevitably has increased the market share of important, who accounted for

of important, who accounted for 20.3 per cent of light van sales in the first half (27.46), and 48.23 per cent of modium and heavy , Tan Bales (41.96).

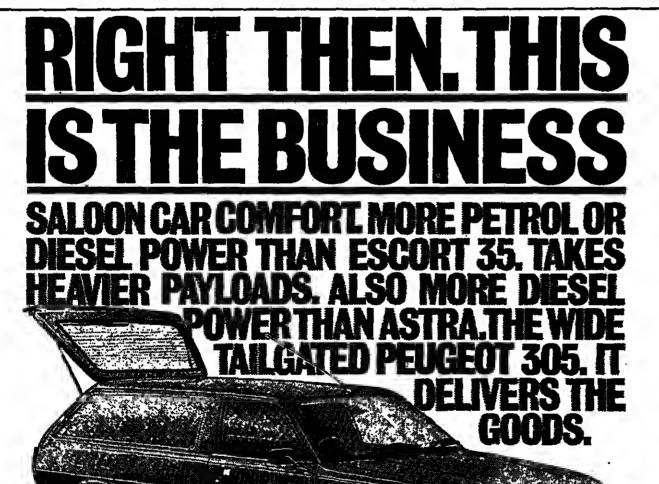
John Griffiths

Nissan's factory in Spain, which is not subject to import quotas. Meanwhile, Remailt continues to lead the "traditional" importers in the medium vans vehicle to replace both the CF and BL's Sherpa. With the world van and BL options now

more than doubled its imports UK of its small wan derived of medium yans in the first six from the new Renault 5 car;

limit the average fuel con- estimate about 70 per cent of enhance profits for manufac-

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Peugeot 305. Facts, figures and features. Standard petrol version has powerful 1472cc engine delivering 75P.S., a payload weight (including driver) of 470kg, and 35mpg\* GL variant now has 1580cc engine developing 80P.S.

Standard and GL diesel versions boast famous Peugeot 1905cc engines delivering 65P.S. a payload weight with driver of 510kg and 41.4mpg\*\*

All GL versions now shift through fivespeed gearboxes.

Unique rear suspension locates under load floor.

So ultra narrow wheel arches easily admit

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loads of 45ins width. While the wide and high opening tailgate allows easy loading. Seats, instruments and equipment are from 305 saloon car range. And new GL spec offers even greater luxury. Making life up front extremely civilised.

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> PEUGEOT TALBO

des subsidiary, to be Dan McCosh heavily upon a Japanese design.

> The Midi, a one-honne payload van based on a design by Isum, in which GM has a 38.6 per cent stake, was launched at the beginning of 1985, and in the spring of this year was joined by the Rascal. This is a " microvan " with on engine of only one litre but still capable of carrying a haif-ton paylord.

With these two products to compliment its largest, UK-designed, CF2 van (all three are essembled on Bedford'a Laton van lines) plus two versions of the Ellesmere Port-assembled Astra van, Bedford has declared its intention of capturing over-all leadership of the UK van Darket.

The objective, however, ro-mains far from fulfilled. In the first six months of this year Bedford's combined van sales totalled 20,365. That was well up on the 16,940 males achieved in the same period of last year.

It was also sufficient to elbow the Rover Group companies Austin Rover with its Metro and Massiro vans, and Freight Rover's Sherpas, out of second place, The former BL com-panies' van registrations fell dichter viel Statutions fell stightly to 19,560, from 20,623, over the same periods.

But Bedford remained far behind Ford, which even with a 4 per cent sales fall in the first half of the year still achieved 38,820 sales with its Flests, Escort and Transit vans. And that was despite the new model Transit, launched at the beginning of this year, being in markedly short supply while production was being phased in.

Its chances of closing the gap appear nil, given the uncer-tainty which has arisen over the future of Bedford in the UK following the Government's blocking of GBC's intended take over of Leyland Trucks and Land Rover.

GM had plans to develop a "world" van through its Pontiac, Michigan-based world trok and bus organisation, in which Bedford would have played a key part. GM has now decided to get out of the bus business altogether, and has theived the world van.

From top: Land Rover Ninety county station. wagon; Freight Rover Sherpa high-speed police vehicle: Vauxhall Astra van; and Ford Escort van. The sales of car derived vans continue to increase as UK manufacturers and importers pursue this highly competitive sector.



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# Vans and light trucks 3

France

# **Healthy sector keeps** out exports

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# 11.00 A.B Join Ga



# Italy Lacklustre outlook as sales rise slowly

THE ITALIAN market for vans opening months and light trucks, like the larger year, and that customers are car market, has traditionally more price-sensitive than ever, been, the preserve of Fiat. Many of the buyers of vans and which sells such vehicles light trucks are small com-through its Fiat Auto and Iveco (commercial and industrial volved in textile, shoemaking or vehicles) subsidiaries. Last year was by no means other artisans. remarkable, either for Fist or "For these artisans buying a

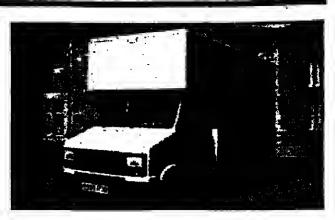
for its foreign competitors Fist Ducato or Ford Transit is operating in Italy. The total a big investment. The clients a big investment. The chinds are highly sensitive about price variations and equally about financing packages," comments Mr Sergio Frezza, of Ford

making for a distinctly lack. Mr Sergio Frezza, of Ford lustre rise of 2.6 per cent on 1984. The outlook for this year is much the same — a stable and unexciting market with a marginal sales increase at best. Fiat itself lost ground in 1985. Although it is far and away the market leader, its Fiat Auto division sold 45,016 vans and light trucks, accounting for

ng mgat	. uuuuu	a, accom	augy tor	
3.5 per	cent	of the	Italian	
arket,	down	from	51.000	_
			cent in	
384.				-

Others .....

Source: Fist.



Fiat's Ducato in Luton van form

trucks, which are manufactured Behind Ford came Renault, with a standard of finish gener-ally associated with cars-has Volkswagen with 6.1 per cent, been a great success. Last year and General Motors with 5 per the Ducato range accounted for cent.

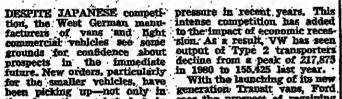
21,722 of the vehicles sold by Flat Auto (the other 22,255 vehicles were in the Florino and 900-E ranges). To maintain market share, To maintain market share, the various companies have been spending on advertising as never before. It is estimated that in the first four months of this year the big producers spent around US\$4m together on radio, television, print media and billboard campaigns. Fiat is believed to have spent between \$1.5m and \$2m of this total. In March of this year, Fiat introduced a new Ducato Maxi-Turbo model, a high perform-

total. Then there are the financial incentives offered to customers. Ford and Renault are particu-larly active here, with Ford offering Li0m of interst-free finance for one year.

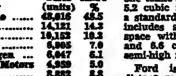
Renault is offering L9m interest-free for a year on its Trafic model. Perhaps the luxury of being the market leader explains why Fiat has stayed out of the function

Alan Friedman





Italian market Market Sales share 10,152 6,905 6,047 8.882



includes six cubic metres of space with the standard roof, and 6.6 cubic metres with a semi-high roof. Ford is still, however, e distant second to Fiat in the Italian market, last year having sold 10,152 vehicles to obtain 10.3 per cent of the market. 8.8 99,082 100.0 Total

Turbo model, a high perform-ing and powerful turbo-charged diesel which appears to be meeting with a good reception. Ford, on the other hand, started 1985 by introducing new styling and larger volume on its Transit range: whereas the one tonne model previously bad 5.2 cubic metres of space and a standard roof, the new range includes six cubic metres of

stayed out of the finance game. offering no such incentive

ш

stie market but in European markets as

However, goods carrying logical improvements in the T2 wehicles of between (wo and -including lower fuel con-six tonnes gros weight showed sumption and sedaced mainten-a less dramatic production in-treesse of 3.2 per cent to as more spacious load volume. 120,320 last year. Daimler Benz has been put-ting a lot of effort into modern-

the first five months. Sales, both for family and leisure interests and for busi-ness uses, have also been rising in domestic and export markets. In May, the VDA says, orders for transporters picked up equally strongly in West Ger-many and in markets abroad. With the Japanese moving ever more strongly into the light and medium van markets, Volks-waren and Ford in West Ger-

wagen and Ford in West Ger-many have come under strong

sees the prospect of regaining some lost ground in West Germany and elsewhere in Europe. Fordwerke says that Producers hope for a further Europe. Fordwerke says that sales of Trankit vans were up 17

other Enropean markets as well. Producers hope for a further increase in sales, on the assumption that West Germany and elsewhere. in Europe. Fordwerke says that sales of Transit vans were up 17 sales of Transit vans produced at former up output To other mover plant has stabilised to step up output The output market mere in West Germany and Fordwerke. The colored the insect on the second to step up output The output market mere in West Germany at Genk in Belgium. The contract to the hard-bin medium to heavy fuck operating some now model ranges. The contract with was, produced at Sonthamyton in the UK and at sommercial vehicle sector has been showing more signs of life. The strongest interest, however, securied on cardelived vans, which ene double up as further. Market issen in West Germany transfor use in delivery and sector has been showing more signs of life. The strongest interest, however, securied on cardelived vans, tor use in delivery and sector has been showing more signs of life. The strongest interest, however, to discel and lessure vehicles and for mass produced or the form and below weight, the strongest interest, however, the they deliver and strongest interest, however, the below in delivery and sector has been showing more si According to the Automobila full explanty, thrning out close Industry Association (VDA), to 70.000 transporters this year. West Germany's production of goods-carrying vehicles of up to 2 tonnes gross weight rose However, goods carrying vehicles of techno-However, goods carrying out close to 70.000 transporters this year. In view of the strong compe-tion, Daimlar Benz has been seeking to preserve its market position with a range of techno-fogical improvements in the T2 vehicles of between two and six tonnes gros weight showed strong and start and seduced mainten

120,320 last year. Production has shown a fur-ther increase this year, total output of goods carrying vehicles of up to six tonnes rising 8 per cent to 76,600 in the first five months. Sales both for family and

Spanish light commercial vehicle market improving from a low level. Mercodes-Benz Espana increased sales of its locally manufactured trans-porters by 19 per cent to 10,430 last year. It is also pressing ahead with plans to start production in Spain of a new lightweight model based on the Mitsuhishi

model based on the Mitsubishi L300.

John Davies

In accepting this award, I'd like to thank my designer for giving me the capacity without which I know I wouldn't have won the vote. And all those lovely engineers for arranging those invaluable options. And I mustn't forget my producer, for encouraging me to act in so many roles. And, quite sincerely, I do believe that professionals like me should do all we can to work to a budget, so I appreciate the financial director's constant support. And last, but not least, all you darling people whose applause has made it all worthwhile.

I love you all. 🤊 🔊

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# Vans and light trucks 4

# Japan **Record** production but exports drop

PRODUCTION OF light vans in Japan hit a new record level in 1985 — up by just over 1 per cent to 3.38m units — but the pace is slowing sharply. Despite buoyant sales of microvans on the domestic microvans on the domestic

IV

market, a tumble in exports is now setting the slide on total output levels. Over the first four months of this year, builtup exports of light vans plunged to a 23 per cent deficit. Despite a 5 per cent gain in domestic sales, output so far has shown a net 6 per cent fall and this year, for the first time since 1982, a downturn in van production is looming.

The improvement in sales in apan stems from record Japan vans. With engines up to 550 cc, these midget vehicles offer valuable savings in tax and insurance. They have been insurance. They have been tailored to the narrow winding streets of Japan's cities, and they are particularly popular with e growing band of women drivers. (Outside Japan they have little relevance. With e majority of overseas customers preferring the car-derived alterpreferring the car-derived attern native, only a small number of microvans are exported, to countries such as Pakistan, Australia and the UK.) Customer interest in the microvan actor has been

Customer interest in the microvan sector has been boosted recently with new pro-ducts from 'Honda and Mazda joining longer-standing com-petition from sector leaders Suzuki and Daihatsu. Sales efforts have accelerated as a efforts that a lready modest margins available in this sector. During the second half of the year, however, demand is er-pected to run out of steam as the yen puts the squeeze on corporate profits. Overseas, current shipments to Europe (up 3 per cent) and horts the proceed to phase

to Europe (up 3 per cent) and North America (up 16 per cent) are being more than offset by dwindling orders from the Middle East and China. Reduced oil revenues have cut this year's shipments to the Middle East by snipments to the manue Last oy Missin cancelled a long-stand-more than 70 per cent and con-ing contract-build arrangement cern over China's dwinding with Fuil, under which the reserves of foreign exchange has sliced 55 per cent off sales to Nissan models per year. In one

assortions over at per cant or are being torget by sapars curment light van exports. Led second-tier producers. Suzuki by the markets of West Ger- and Isrzu have recently agreed many, the UK and the Nether- to pool resources in production lands. Europe accounts for a and marketing of vehicles, and

TC ye La ye it: iπ

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in the US Fuji and Isuzu are

Among Jepan's producers

overseas business. Local assem-bly or licensed production is taking the place of built-up exports, and the recent ascent of the yea is accelerating the process, making it unlikely that future shipments of completed vans will again top the 1m mark. enrolled more closely in Japan's vehicle industry. Already recognized as a Already valuable source of cheap com-ponentry, e more radical move is underway to have Japanese models built in these low-cost vans will again top the 1m mars. The yen has risen 30 per cent against the dollar since last September. It has gained almost 40 per cent against the Sonth Korean won (source of some of Japan's stiffest compe-tition) and it is now 10 per cent up on the currencies of France and West Germany. With one-third of its output centres for re-export to Japa and elsewhere. light vans, the arrival of ne models has brought gains fo Honda. Isuzu has enjoyed

boost in US sales, but setbac on the domestic market ha restrained output by Nissan. With one-third of its output With one-third of its output exported, the consequences for Japan's light van sector are looking ominous. For the pro-ducers, an average of 40-50 per cent is expected to be sliced off 1986 earnings. (Already there are reports that, for leading producer Toyota, monthly operating profit since January has plunged by around 60 per cent.) Inevitably, investment plane are being trimmed back. For leading producer Toyo production of goods vehicl topped the one million ma last year, assisted by maj changes in the Lite-Ace van. Taiwan, the company plans for annual production 15,000 commercial vehicles collaboration with Kuo Z Motors. Start-up is 1988. Minor revisions to Mitsuplans are being trimmed back. Despite high commitments in bishi's L300 van are planned for August, and from late next year this model will be built at a Daimler-Benz plant in Spain. It

will be equipped with a Mer-cedes-Benz 2.4 litre diesel engine. Plans to export the model to West Germany (in 1990) here meant a doubling 1989) have meant a doubling of annual output provision to 18,000 units. Along with Hyundai, there are plans in 1988 to produce around 40,000 small vans in the Canter series in South Korea; and e deal is underway in China for monthly assembly of 300 light vans beginning late this year. In its third technical link with

e Chinese company, Suzuki be-gan production of small vans in the city of Chongquing in April. The company has ties with Land Rover Santana in Spain, and in looks set to proceed to phase two ahead of schedule. the UK, GM is building a half-ton Suzuki microvan. (This move to local assembly, and the Japan's smaller specialists are looking particularly valuer-able. Recently, hard-pressed Nissan cancelled a long-standrelief it affords from yen-infa-ted prices has already caused at least one other UK importer,

sliced 55 per cent of sales to Nissan moles per year. In our Sourth-East Asia. The North American markets are Japan's biggest customers, cent. As a result, new Alliances absorbing over 40 per cent of are being forged by Japan's Suzuki, scond-ther producers. Suzuki

Electric Compressor Air Dryer Assembly

Toyota Hi-Ace van. Japan's leading producer, Toyota built 1m goods vehicles last year.

### Japan's output of light vans

### Figures in '900s up to two tons loading capacity

1985	1986*	1987*	1986-85	1987-85
1,268	1,398	1,280	2.7	- 6.4
11	7	6	-36.4	-45.5
1,389	1,405	1,286	1.2	- 7.4
945	868	840	- 8.2	11.1
1,630	793	650	23.0	36.9
1,995	1,661	1,490	16.7	25.3
2,313	2,266	2,120	- 2.0	- 8.2
1,041	800	656	-23.2	- 37.0
3,384	3,066	2,776	- 9.4	- 18.9
	1,268 11 1,389 945 1,030 1,995 2,313 1,041 3,384	1,268 1,398 11 7 1,389 1,405 945 868 1,030 793 1,995 1,661 2,312 2,266 1,041 800 3,384 3,066	1,268 1,398 1,280 11 7 6 1,389 1,405 1,286 945 868 840 1,030 793 650 1,995 1,661 1,490 2,313 2,266 2,120 1,041 800 656 3,384 3,066 2,776	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$

arrangement with Innocenti of

stake in Spain's Motor Iberica to over 90 per cent. This year Nissan expects to sell 3,000 Spanish-built vans in the UK. Italy. Mazda's ties with Ford have and from 1988 it is planned that Motor Iberica should take over production of Patrol and Vaniction of pickups in Iran.

A co-operative deal with Daewoo gets underway late next year, building np to annual pro-duction of 30,000 light vans in South Korea; and, in India, assembly of the Atlas range is on the increase. As an indica-tion of what is in store, later this year Nissan's California this year Nissan's California styling studio is expected to reveal a progressive multi-pur-pose vehicle based on the copany's Stanza. It will come equipped for conversion into a two-seat convertible, four-door saloon or two-seat truck, according to daily operator requirements.

ted prices has already caused ments. at least one other UK importer, Honda, to review plans for con-tinned imports of microvans.) Overall, both the UK and Spain look like consolidating them-selves as the foremost produc-in Europe. With an \$55m investment, Madownturn in Indonesia, A downturn in Indonesia, A downturn in Indonesia, market, hit shipments in 1985. Production of \$50cc van models and in Portugal the company has an assembly facility for pickups and Delta vans. Specu-base on Spain or a build With an \$85m investment, lation ou a future European Nissan has recently lifted its base centres on Spain or a build

THE PEOPLE of Barcelona have seen caravans of vehicles being driven to the docks for shipment abroad often enough. But a long queue of Nissan Vanettes which recently wound its way to the port area was different. What raised eyebrows about the latest batch of export units, built by the Japanese firm's Spanish subdiary Motor Iberica's operating Therica gained 49 per cent of the market and edged Mercedes Benz Espana, the Spanish sub-sidiary of Dainler Benz, inth second place. The other side of the coin that Motor Iberica's operating that Motor Iberica's operating that down balanced, and that the debit is due to the continue the debit is due to the cont

the latest batch of export units, built by the Japanese firm's Spanish subsidiary Motor Iberica was that they all had right-hand steering wheels. They were destined, inevitably, for the United Kingdom. 1980 to the present 6,000) and

for the United Kingdom. If everything goes according to plan in Nissan's Barcelona venture, some 3,000 Spanish-built vans will reach the UK in the course of this year. For the Japanese firm, this will at long last represent the start of a return on an investment in Spain that grew costiler and more frustrating as the years wore on. to financial charges. It was this belief that the It was this belief that the worst was over that prompted Nissan to pump a new Pta 60hn into the company over four years at the Jamuary share-noiders' meeting. The injection is a bid to put the Spanish subsidiary on a sound financial footing, and the purent company hopes it will be the last one. An equivalent amount of capital since 1980 has been soaked up by losses of Pta 32hn over the past six years. wore on.

eeping a low profile.

Italy.
Mazda's ties with Ford have
Ied to distribution of Econovan
models through Ford dealers in
Germany. First sales, under
Germany. First sales, under
Ford badges, got underway last
September, and there are plans
to lift annual volume to 5,000
models with the inclusion of
Europe. From next year, the
minivan production at its US
Fuji is negotiating with
Taiwan's Sanfn Motors on joint
Taiwan, and in South Korea
Isum is gearing up for joint
already produced by GM in the
Although there have been
WK as the Bedford Midi. shareholder with e degree con-trol of the company." At the beginning of this year, a special Motor Iberica shareholders' meeting was called to approve e 50 per cent increase of capital to Pta 39bn. As in the past, it was the Japanese parent company which shouldered the burder COMDERV Its stake in Motor Iberica, already in excess of 70 per cent capital BO. Was now raised to more than 90 per cent. The story of Nissan over the last six years in Spain contains all the themes common to the expected to lift sales through

Light in the tunnel

st six years.

Spain

that about identicals operating costs are now balanced, and that the debit is due to the continn-ing cost of restructuring the company (the labour force has been slashed from 12,000 in 1960 to the process 6,000 and Pta 1,000 nominal shares with hrought down to Pta 500 in April this year, and a further capital increase of Pta 500 was

approved through the lassie of new shares. Under the new equity structure, the state holding structure, the state holding company INI has reduced its previous 25 per cent state to 10 per cent; Daimier Benz improvement the state to

10 per cent; Daimier Banz increases its outright control; and the Sandt holding, Overseas Lending, becomes. the chief minority simerbolder. Marcodes Bens Espeña was able to reduce its 1965 losses to Pts 4.1bn in .1965 equina Pts 5.5bn the previous yer. Production at its Vitoria .light truck plant was up by 33 per cent on 1984 and income from cent on 1984, and income from sales stood at Pta 39.3bn, a 39 per cent increase on the previous year. Spain's third producer, Knase,

by nucles of Fit statistics and past six years. Nissan's forecast for this year is that Motor Iberica's losses will be down to Pta 7.5bn, and that financial charges will be reduced from representing a present 9 per cent of sales to 6 per cent. By 1990, or six years lafer than originally scheduled by Nissan when it bought into Motor Iberics, the company should be totally modernised, competitive and able to fend, profitably for itself, according to the manage-ment's strategy. the manufacturers of the Pegaso line, is the orphan of the Pageso line, is the orphan of the sector, for it has failed to acquire a foreign parent. By last mitumn it was clear that talks between Enast's sole proprietor, INI, and General Motors were getting nowhere, and the American giant formally bowed out at the start of this was ment's stategy. There is noom for optimism,

There is not for optimism, as there are signs that demand is on a sustained upward climb. The Spanish vehicle manufac-turers association. ANFAC noted in its latest report that productivity was significantly more positive than in 1985, a year when the improved trend was already setting in. The first quarter results for 1986 showed an overall increase of sales of



The Nissan Vanette: a successful export which is helping the Spanish industry

the joint Convesco operation by 25 per cent. In e final refuge from the strength of the yen. there is speculation that ties of this sort, between Japan and the big US producers, could be drawn even closer over the

-

Note of. Nissan came to Barcelona in 1980 when it bought Massey Ferguson's 35 per cent stake in Motor Iberica. The idea was to use the Spanish company as a springboard into Europe while begoing a low profile.

keeping a low profile. Things did not work out that way. There was no evidence of a trampoline in Europe, at least not until now, and there was no chance of keeping in the hackground. Motor Ibericz's losses mounted year by year, and from year to year Nissan's stake in the company grew. "Nissan is the sole pro-prietor almost by default," Juan Echevarria, Motor Ibericz's managing director, says. "The original intention had been to remain as the chief minority shareholder with e degree con-

country's vans and light trucks sector as e whole. The main components of the story are the components of the story are the struggle for survival through capital infections, preferably from e foreign partner, and the guarded hope that there is light at the end of the tunnel. between Japan and producers, could be in closer over the mths. Ian Robertson market, and it posted record

an overall increase of sales of

Although there have been production setbacks recently, exports to France and Italy are

actronic Heigh

h Indicator Liphi

ette models for Europe. Else-where, there are plans to start produ

# **Delco Products:** Your Suspension Systems Source from Spain.



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DELCO PRODUCTS

# Vans and light trucks 5

# Medium Vans

# 'World van' project shelved

heavy truck sector. The year started with the launch of Ford's new-shape Transit, the long-awaited re-placement for Western Europe's

best-selling medium van. In the spring, Daimler-Benz Neither Bedford nor the launched its Mercedes T2 range parent world truck and bus diviin a low-volume market sector but are vitally important to D-B, Europe's major commercial vehicle group. The important negative news

The important negative news came last month. General Motors admitted it had shelved its so-called "world van" project which, among other things, was to have provided Bedford in the UK with a replacement for its CF van range.

CF van range. The world van had been under development since the mid-1970s under the supervision of GM's world truck and bus TENGO. Michigan, but which co-ordin-ates the efforts of the group's subsidiaries in Brazil, the US (GMC and Chevrolet) as well as at Bedford.

at Bedford. GM's aim was to develop a van which could use a common design, share some key com-ponents and could be marketed. around the world through all GM's subsidiaries with only minor modifications.

The US publication Metal. to five years of good life left working News, which has close in the BL vans. contacts with the motor indus try's machine tool suppliers, which makes the Sherpa, is still said that GM had dropped the in the melting pot. BL's new

THREE BIG events, two posi- world van project in favour of chairman has to make up his the Rascal, from a Suzuki tive, one negative, have ensured redesigning its current ranges mind quickly about further design, that 1966 will be a very import-ant year in the medium and heavy truck network matter. Bedford confirmed the susinvestment. BL recently signed a distribu-tion deal with Daf Trucks of the Netherlands which will take Sherpa vans and Leyland Road-runner trucks—in both cases suitably altered to take a Daf badge—for Daf's continental dealer returnet

pension of work on the project and said resources wars divarted to the truck pro-grammes. "It is a shift in resources." dealer network.

ston would give any hint about the new van policy or whether Bedford would go it alone to replace the CF which was launched in 1968 and had a major facelift three years ago.

major facenti three years ago. During the talks with state-owned BL in Britain about the purchase of its Land Rover and Leyland Trucks subsidiaries, which broke down in March, GM suggested that one of the most preasing problems for both companies was the development of a new medhmoweight yan runge.

GM argued that the invest-ment would not be worthwhile unless a joint vehicle to replace both the Bedford CF and BL's Sharpa vans was developed. However, while GM suggested

However, while GM suggested the Sherpa range has one to three years to go before it needs replacing, the management team at the Land Rover com-pany—which has Sherpa pro-duction under its control— suggest that there is still three to five years of good life left in the BL vans.

to boost output by spending £50m to produce two vans, smaller than the CF and based on Japanese designs: the Midi, based on a Isum vehicle, and

now rely more heavily on Isuzu, in which it has a 38.6 per cent shareholding, for its future van supplies. CF has been losing ground in the UK and continental export markets to newer products from European producers and is now

	_			<u> </u>				
Western E	rope's	medium van market						
	1982	1983	1984	1985	1986 (1st qtr)			
Total sales (000)	687.5	852-4	623,9	622.2	180.6			
	Market shares %							
Total Japanese	16.4	18.6	20.7	21.2	24.8			
Volkswagen	17.2	16.3	15.1	14.8	15.0			
Ford	16.9	14-3	18.6	11.9	10.5			
Peugeot-Citreen-								
Talbet	19.5	10.3	8.9	9.2	9.5			
Fist	7.9	8.9	9.3	9.9	9.2			
Renault	8.6	8-5	8.7	8.9	8.6			
Mercedes	9.1	8.8	8.7	9.3	8.1 4.4			
BLAnstin Kover	3.6	4.1	4.5	4.5	4.4			
Industry sources								

under threat from Ford's new Transit.

The first vehicle in GM's world van project was originally scheduled to be introduced in the autumn of 1988. But the launch has already been put back to 1990 before being postponed indefinitely. At the Bedford van plant at Dunstable, GM has attempted to hoost output by spending Transit. Ford itself has a great deal. riding on the new Transit. Te start with, the old vehicle (20-years-old at the time of its retirement) was Ford'a most profitable individual model, cars included. profitable included.

That is important not only to Ford but also to its 25,000 dealers throughout Western Europe. Not many Ford people

expected the old Transit to hold up so well against the new competitors. And it was entirely a matter of luck that it did.

In the UK, the largest medium commercial vehicle market in Western Europe. Ford had only 18 per cent of the sector before the Transit was launched. In little more than the sector before the transit

than a year the van had 26 per cent and given Ford market leadership, a position the company has held ever since.

At times, Ford's share of the sector in Britain has been as high as 40 per cent and only once since 1967—in 1981— has it been under 30 per cent. In 1985 the van still accounted for about 33 per cent of medium sector sales even though it was widely known a new style was on the way. on the way. But the Transit has lost much

ground recently in continental markets. At the end of the 1970s Fist and the Peugeot group launched jointly-produced medium vans (sold as the Fist Ducato, Peugeot J5, Citroen C25 and the Talbot Express) from a new factory in southern Italy, Renault introduced the Trafic/

from 11.8 per cent to nearly 25 per cent.

AMBULANCE

14

28

system allow the vehicle a lower floor height



Special baker's van. This Volkswagen LT35 diesel, with a body by Johnstone Coachbuilders, was built for a Glasgow baker

However, the group hopes new Transit sales will go back to 120,000 a year by the end of 1986 when output reaches nearcapacity.

Much of the increase will come from those continental markets where the Transit is already successful with a share of between 8 and 15 per cent.

Production of the new Tran-sit is split about equally between Southampton and Genk, with the former supply-ing the UK and a few hundred a week of special versions for export plus 40 knocked-down kits a day for assembly at knots fortune in Bortusal

1

Ford'a factory in Portugal. There is scarcely a market in the world where the old Transit was not sold during its lifetime,

A 17 4 M

In 1980 Ford sold 122,000 but the new vehicle was not are in a low-volume segment but built-up Transits in Europe. designed to be distributed are highly important to D-M. Since then Japanese and new widely outside Western Europe. European competition has re-duced annual sales to about 85,000. Ford's investment in the same of sales of vehicles including \$150m for the new wight weight.

Ford'a investment in the new Transit totals about \$500m, including \$150m for the new 2.5 litre, direct-injection diesel engine produced at Dagenham in Britain which Ford took care to introduce in the spring of 1935 in the eld van so cus-tomers could get used to it.

Some would say Ford's sales expectations are open to ques-

expectations are open to ques-tion. Volkswagen will be replacing the Transporter/LT van range before long. Renault and the Flat-Peugeot vans will also be replaced. Each of the Euro-pean companies will be looking for sales of 100,000 a year to make investment in new medium vans worthwhile. So far there is no sign that the Japanese threat will diminish. DRI Europe, for example, suggests that in the 1990s the Japanese share of the medium van market will reach 40 per

van market will reach 40 per cent if vehicles built in Europe from Japanese designs are added to those imported built-

Daimier-Benz will contribute to the European-built Japanese van element because it has arranged to build a Mitsubishi vehicle under licence at its Spanish subsidiary to com-plement its range in that country. D-B itself has escaped damage

Logical states and the second second

In April D-B replaced the 19-year-old Dusseldorf heavy vens with the new T2 vehicles which cover the gross weights mainly between 4.6 and 7.5 tonnes-but with versions at 3.5 tonnes for some markets. tonnes for some markets.

Developed at a cost of well over DM100m, the T2 models

D-B also last year accounted for 36 per cent of the total West European sales of vans and trucks in this category. Trucks in this category. The T2 models have an im-portant role to play in Spain, the only European country where D-B is still looking for new commercial wehicle dealers. Last year D-B sold 19,000 of the old Dusseldorf models, in-cluding parts-sets for assembly outside West Germany. Of the notal, 12,500 were busit-up vans and 900 were busit-up vans

V

and 900 were buses or bus chassis. Some 7.000 were sold in Gesmany.

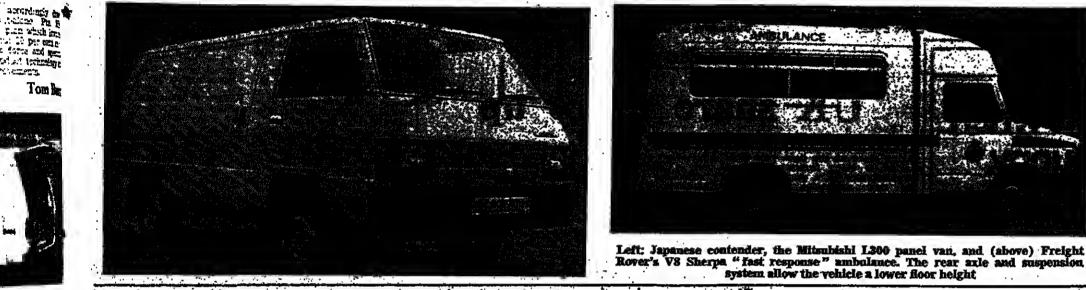
The company has set itself the target of hitting cales of built-up T2 vehicles from last year's 13,400 Dusseldorf vans to 18,500 by 1990.

By then West European annual demand for wars of the T2 type, which has fallen stendily from the peak of 105,000 in the mid-1970s to 71,000 last year, should have partly recovered to 80,000.

Apart from D-B's 35.4 per cent share of last year's total, the Fiat subsidiary, had 17 per cent; Ford 10.4 per cent; Remarki 7.5 per cent; the joint Volkswagen-MAN organisation

Indee statistics show how little progress the Japanese have made at the beavy end of the van market so far. They have not developed the products with which to tackle the sector -mainly because large and heavy vans are not particularly suitable for use in Jepan itself.

Kenneth Gooding



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Master range of vans and be-tween them these newcomers matched market share from the Transit in France and Italy. Most important of all, the Japanse made en aggressive entry to the sector and between 1980 and the sector and petween increased their penetration of the Western European market

# SHREWD BUSINESSMEN **ARE INVESTING IN** A NISSAN.

Sales of Nissan commercial vehicles are an impressive 78% up on last year.

And for very good reasons.

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\*SOURCE: FLEET NEWS, PRICES EXCLUDE VAT DELIVERY, NUMBER PLATES AND ROAD FUND LICENCE, NISSAN UK LTD, NESSAN HOUSE, WORTHING, SUSSEX BNL3 3HD, TEL: 0903 66561.

# Vans and light trucks 6

# Light trucks

# Partnerships in vogue

year effectively decided to opt out of European heavy commer-cial vehicle production by selling its operations to a new com-pany in which it has only a min-ority interest.

General Motors, which owns Bedford in Britain, has put its world truck and hus programme The under review and the group has 1 has said that, although it wishes Italy. nas said that, although it wisnes to stay in the heavy truck busi-ness world-wide, steps must be taken to make GM's operations more competitive — "perhaps with a partner."

Light truck partnerships are already in the news. The one be-tween West German groups MAN, the heavy truck builder, and Volkswagen, Western and Volkswagen, Western Europe's major car builder, which share production of trucks in the six to ten tonnes. range, recently has been re-newed, even though it spectacu-larly failed to live up to original

And an imaginative dealone which might start a trend-has been struck between Daf Trucks of the Netherlands and the Land Rover-Leyland division of state-owned BL in Britain for Daf to distribute Sherpa vans and Roadrunner light trucks via its Continental

dealer network. Ford's decision is, for the Cargo can quickly regain for time being, perhaps the most Ford about 18 per cent of the significant. Not only did it UK market for trucks over 3.5

THE PACE of change in the signal the US group's deter-commercial vehicle industry is mination to quit heavy truck fast and furious. Many of the building in Europe, it also changes seen in the past year will have an impact on the light truck market. For example, Ford earlier this year effectively decided to opt with of European heavy commercial vehicle busi-neavy commercial vehicle busi-tuess.

will drive the new company to a 25 per cent market share by A new company, Iveco Ford Truck, has acquired Ford's only truck factory, at Langley, Buckinghamshire, in Britain, where the Ford Cargo range is 1988 This is just one indication

that the Ford-Iveco deal will have its major impact in the UK And that means the other UK-based producers - BL's Leyland Trucks and Renault Truck Industries, the former Dodge Trucks concern which is now part of the state-owned Franch group - face a new The deal gives Iveco, which has production facilities in Italy. West Germany and France, immediate access to Ford's strong dealer network in the UK French group - face a new halle

However, the merger is restricted to Britain here a unified dealer network selling both companies' trucks has been set up. Iveco Ford Truck will supply the Cargo to Ford dealers in continental markets but the vehicle will not go to the Iveco network which will remain separate. However, Leyland stands to gain a great deal from the dis-tribution link with Daf. The Netherlands group is to sell through its dealers the Sherpa 300 heavy vans and the light Roadrunner trucks.

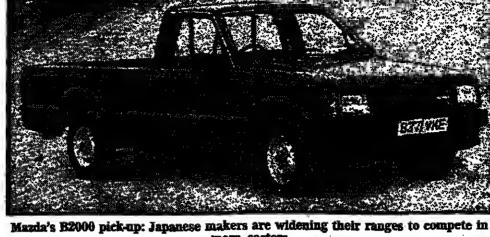
This should strengthen the Day dealer network and make it much more viable because the Dutch company produces only heavy trucks, mainly above 15 trunce company which The arrangement also ex-cludes the Ford Transit van although some heavyweight versions will be sold through tonnes gross weight. the joint-venture network in

At the same time it provide Leyland Trucks with an oppor-tunity for continental sales which do not exist through its limited dealer network across

that level.

Ford of Britain and Iveco each own 48 per cent of Iveco Ford Truck with the balance held by London-based mer-chant bank Gredit Suisse First Boston UK. the Chennel The deal excludes the UK, Daf's hest export market, and does not stop the British com-pany from making other arrangements to sell the vans and trucks through its own dis-tribution channels. ent team of the

estimates it v 25,000 a year.



more sectors

Beford was formerly part of Daf's European dealer net-Vaurhall Motors in Britain but in 1983 was hived off to become part of GM's world truck and bus group, based at Pontiac, work covers most of the important markets whereas Leyland has concentrated mainly on France, with limited success. Michigan. GM has admitted that the

Apart from being the market success. Apart from being the market leader in heavy trucks in the Nethenlands, Daf is also strong in Belgium, where it has a factory, and in France. world van project has been shelved and even the truck heme must be in doubt now.

During the negotiations, BL estimated that the arrangements could add about 1,000 a year each to sales of the heavy Sherpa van and its Roadrunner GM has been looking for a solution to the problems at loss-making Bedford for some time but seemed to have run out of potential partners when talks with the UK government light truck, launched in the autumn of 1984, to compete in the six tonne to 10 tonne sector. about the acquisition of BL's Land Bover-Leyland division Leyland hoped for \$,000 Road-runner registrations a year in the UK and 200 to 300 on the continent but has not reached foundered on political rocks four months ago.

However, GM recently indicated that some fresh talks had started with a continental truck The Roadrunner's impact in its domestic market has been producer, but would not give any details.

dented by Daimler-Benz's new Mercedes LN range of trucks dented by Drimier-Bear's new any details. Mercedes LN range of trucks which replaced the 19-year-old LP models, also in 1934. D-B invested more than DM 280m in the new LN range and estimates it will build and sell 25,000 a year. GM's best bet for a signifi-cant presence in Europe was a potential deal which would have handed the US group MAN's 20 per cent of the West German market for trucks over 16 tonnes.

Diesels

UK share to go up

But the German establish But the German establish-ment ensured that GM would not move in as a significant threat to Dainler-Benz. MAN was provided with cash to help it over temporary financial diffi-culties when D-B bought MAN's held they of the level direct halt have of the large diesel engine producer MTU.

MAN's parent, GHH, has since taken full control (it pre-viously ind only 75 per cent of MAN) and set up the truck-producing company as a separate entity, MAN Commer-cial Vehicles.

Mr Wilfried Lochte, chairman of MANCV, says the company is heading quickly back to finan-cial health. It has also rene-gotiated its medium truck joint venture with Volkswagen.

Lest year the joint venture sold 3,700 vehicles but output should improve to more than 4,000 for 1986.

Mr Lochte says the MAN-VW joint project is now breaking even financially and consolidation of production at one site will bring further economies.

Work on producing these more fuel-efficient direct injec

the 3.5 tonnes gyw Iveco Di Turbo-Daily.

Kenneth Gooding

Even so, some 496,200 light

vans were registered in western Europe last year-a sharp increase on the 418,800 registered in 1984.

tered in 1984. Sales have continued to accelerate this year, and reached 143,900 by the end of the first quarter. The figures, however, include a small but growing proportion of "microvans," the purpose-built Japanese vans powered by engines of under one litre. Until this year they were strictly an import from Japan. As of this pering however, Bed-

As of this spring, however, Bed-ford has been building its own version, the Rascal, based on a model from Suzuki, in which it has a 5 per cent stake, on its UK ssembly lines at Luton.

Yet it remains far too early to staft assessing its likely impact on the European market, as Bedford's initial concentration is on the UK, which it expects to account for most of the Rescal's 10,000 -year output. And the microvan still has

very long way to go before t presents any kind of threat

and GM, is an also-ran. The reason for this French 38.5 per cent. So complete is domination is easy to see: last fine two marques domination in year 192,700 light van sales— well over a third of Western Europe's total—were in the 67kW (90bhp) at 2600 rev/min. The T4.38 replaced the natur-ally aspirated 6.247 engine and benefits from both direct injec-Trench market. Those sales tion and turbocharging and serves to demonstrate the demand from vehicle manufac-turers for the new technology.

SHERPA

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remain separate.

The managem

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the hearts of many everyday motorists, but has not only capities thorough the dompany car. Over the years we've also gone from strength to strength too. Today we've got probably the best track record in the business.

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Car-derived vans **Heavy** French and UK sales

THE UK and France are odd were shared almost exclusion countries out in Europe in between Peugeot (44.8 per having substantial markets for cent) and Renault (41.7). having substantial markets for cent) and Renault (a...). But even the struggle with But even the struggle with But even the struggle with built countries, like West Ger-to Renault, which as. recently tended to run larger, purpose-built vehicles in which manu-facturers such as Volkswagen duckling R4 model, first con-struggle with But even the struggle with But struggle with But even the struggle with Bu and Daimher-Benz have long ceived in the 1960s but for specialised. many years easily Raiters Even so, some 496,200 light best-seiling commercial vehicle. The balance began to tilt at

the end of 1984. Re the end of 1995. Renamit was already in what how appears to have been the worst throas of its industrial relations and financial troubles. But its prob-lems in the light wars sever stemmed mainly from the launch in October that year of a year based on Citroen's Mas

a van based on Citroen's Vise model and built in Spain. It was an instant success. Between 1984 and 1965 Renault's French market share plunged by nearly 14 points, all of which was picked up by Peugeot. The Visa van was a

lot more than simply the hatchback car with its rear windows panelled in. It has a specially developed cargo, box cishned at the time to give at the largest cubic capacity of any car-derived van.

But at the end of inst year Renault immohed its rippe-a specially-developed version of its new Renault 5 car called the Its new remains a carcing are Express in France and the Extra in the UK. With a 91.8 cu ft carrying capacity and engines ranging between 1.1 litra potrol and 1.8 litre diesel,

o the well-can derived van producers, iderived van producers, certainly not to Renault or tha Pengeot group (incinding Citroen and Talbot), the two French manufacturers. In the past year, they have been locked in a struggle for domination of the light van market. But everyone else, nature multi-nationals Ford and Van Blanc), relegated to S8.5 per cent. So complete is marques domination in

John Griffithe

3

T

L		using this technology are Industries for the latter's Dod around 15 per cent more effi- 50 series vans. This was ti cient and consume less fuel. T\$38 engins which develo	ge 7.5 tonnes gross weight).	Top: BL's Maestro van; centre: the new Renault fxura; and Citroen's new Van Ronge
Company	Address	manufacturers are switching to Perkins recently tailored ou direct injection is that engines of its engines for Renault True	ne injection diesels in the heavier	
Name	Postion	The reason why diesel engine impact on tha Perkins unit.	was the offer of three direct	
Send to Marley Vehicle Leasing Ltd. or Marley Vehicle Leasing Ltd. PO. I	, Lichfield Road, Branston, Burton-on-Trent, Staffs DE14 3GD Box 31, Riverhead, Sevenoaks, Kent TN13 2Y2	lines the success of switching the tax threshold from 1500 technology from indirect to to 1600cc and 1800cc to 2000	of has also taken place at Daimler- cc Benz. When the Mercedes T2 cc, van range was launched	
	VEHICLE Contract Hire Specialists	Transit in March, 1964. Almost half of 1985-registered Transits were fitted with this 2.5 litre direct injection diesel, tax laws which should be	by tonnes gyw, shortly due to make re its debut. This version will not ge he available in the UK until ne 1987.	The state of the s
	A MARIEV	almost certainly due to the price is not comparable to the	at This engine is soon to be	
	coupon beloworringing Burton (028371) 3575 or Sevenoaks" (0732) 455255. Then you'll soon find out why we're top dog.	went up 1.8 per cent over petrol, so there is a built-	in the earlier models) and a filter K cartridge change every-20,000	
	To find out more, send for our brochure by filling in the	sales might have been expected, will be recouped more quick. This did not happen; Ford Transit registrations last year Diesel fuel costs less th	an (compared with 7,500 km on)	
	you pay is a fixed monthly rental. The result is that you keep your mind on your work instead of on your fleet out on the road.	placement, a running down of the initial higher investme	ds, with this engine to adopt a ant double of filter which meant	
	servicing and repair costs. From fuses to fan belts And al	spite of the fact that the old (£500 to £750, according Transit model was being make and canacity) will be a	to A measure of the impact on	and the second s
	fund licence. We even pay all the	The Transit also remained a to diesel. The pay-back peri success at Ford last year in on the extra cost of a dies	ed cent from 108.4 lbf ft to 150 sel lbf ft.	
an an ann ann ann ann ann ann ann ann a	Insuance, relief vehicles and road	the offering of its 1.6 litre sumption will be the criticities as an option.	cal mum torque accompanied the	
Not service and a service	We provide AA road cover	to the success of the Escort Manufacturers consider the		
	the vehicle of your choice.	lead in the light van market (it than indirect injection dies achieved a 7.6 per cent increase and a 40 per cent improvement in sales in this sector in 1985) and per cent improvement	ent to 69 kW (82 bbp)-and maxi-	
15	personal needs.	in its annual report for 1985, It is forecast as offering a 15 escribes the retention of its 20 per cent better fuel econom	to tion had been improved by my 15 per cent, 27.8 per cent more	
	A package tailor- made to suit your	example. Again, Ford Motors, to be a substantial cost-sav	er. model, specific fuel consump-	
	Simply because we offer you what is probably the best package in the business	the swing. About half of Astra instant intended for	in- diesel. Iveco pointed out when	
	strength too. Today we've got probably the best back record in the business.	Already, some vehicle mann. birre diesel, developed in operation with the Austin Roy		

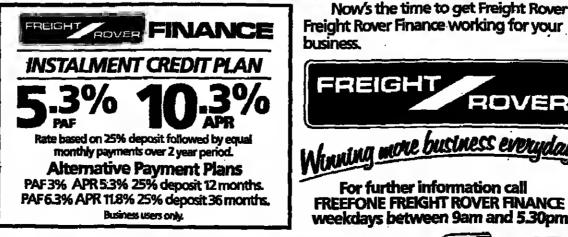
Freight Rover may build the toughest, hardest working vans on the road, but cash tied up in vehicles can often be better employed

elsewhere. That's why every new Freight Rover vehicle now comes with the availability of very competitive facilities from Freight Rover Finance.

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packages to meet the needs of LCV operators-large, medium or small.

# Vans and light trucks 7

# Four-wheel drive

# Fighting hard in a changed market <section-header><section-header><section-header><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text><text>

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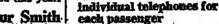
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The Tug (top) based on

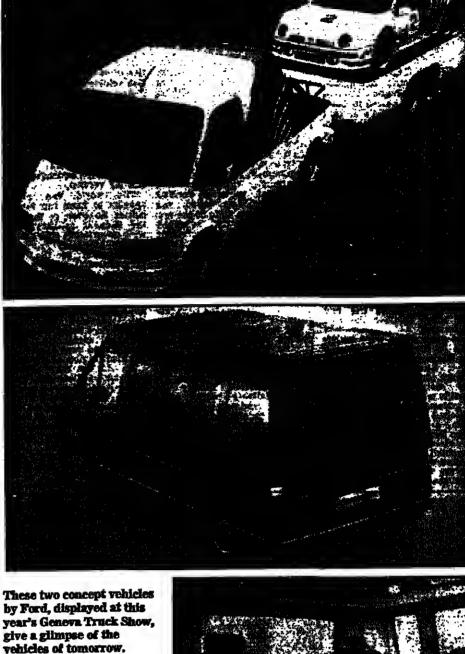
performance and can be

used, for example, as a rally support vehicle. The Chasseur, also Transit-based, is a five-

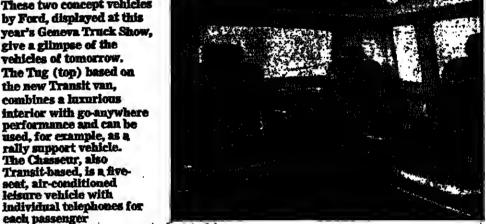
seat, air-conditioned leisure vehicle with

the new Transit van,

combines a luxurious



VII





# The Delco Remy Road Gang.

A balanced electrical system to reduce the cost of maintenance on diesel-powered equipment.

Provides unified power. The Road Gang from Delco Remy... electrical components working together to reduce vehicle maintenance on diesel-powered commercial equipment.

Here's what it's all about: • Maintenance-free Delco Heavy-Duty Freedom Batteries with the correct coldcranking power for the particular size and

 belco Remy Heavy-Duty Cranking
 Motors requiring no regular service between overhauls. Large enough to meet both hot- and coldweather starting needs. • Delcotron<sup>®</sup> Heavy-Duty Alternators. Sealed bearings Brushless design. Providing sufficient output to supply the entire electrical system and still keep the batteries fully charged.

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electrical system failures. Because Road Gang components are designed to work together as a complete electrical system, you realize a greater life span and virtually eliminate failures caused by undersize or poorly matched units.

**Reduces operating costs.** Because Road Gang components have no regular service needs of their own, they reduce maintenance time as well as the risk of road failures. By choosing among the various models, sizes and performances we offer, you can select the exact Road Gang team for your vehicle.

The Delco Remy Road Gang. Proved worldwide to reduce the cost of maintenance. Perhaps it's time you considered the long-term benefits of choosing a matched team of electrical components for your vehicles. Join the Gang. The Road Gang from Delco Remy, Division of General Motors: Milton Keynes, England; Russelsheim, W. Germany; Gennevilliers, France; Milan, Italy. World Headquarters-Anderson, Indiana, U.S.A.

Deico Rem

A world leader in automotive electrical systems

BEDFORD

# Vans and light trucks 8

# Electric Vehicles

# Ready for regular production

ANOTHER MILESTONE on the roadgoing electric commercial vehicle's slow progress towards viability will be passed in Octovenicle's slow progress towards viability will be passed in Octo-ber. From the middle of that month, one-tome payload elec-tric CF2 vans will be coming down the Luton assembly lines of Bedford, General Motors UK month, one-tonne payload elec-tric CF2 vans will be coming down the Luton assembly lines of Bedford, General Motors' UK commercial vehicles subsidiary, as part of regular van produc-tion and at a planned rate of

VIII

tion and at a planned rate of 500 a year. Half of the first year's pro-duction, according to Mr Ken Malia, Bedford's electric vehicles manager, has been pre-sold to public ntilities like-naturally-electricity boards. And after a month of "road shows" around the Midlands, ending in early July-in which for the first time Bedford was targeting ordinary commercial operators. Mr Malia has few fears aboot whether the rest will be sold. will be sold.

The road shows were under-taken in conjunction with the East Midlands Electricity Board and Lucas-Chloride EV Systems, the joint venture com-pany between Lucas and Chloride which, with some £5m of government backing, has developed the vehicles' worldleeding drive system. The 300 electric CFs Bedford

- 1

has already built were also assembled on Bedford's "ordinary" van lines, alongside the company's petrol and The collapse of the oil price, diesel-powered CF2s and the which is diminishing the incen-

smaller Midi and Rascal models. But they were built in two batches, for evaluation both in

importance extends to an uct-ing its own, continuing, research programmes in the US into poteotially viable electric commercial vehicles, decided that the UK-developed van represented the state of the art. And nearly 40 CFs, rebadged as GM Griffons, are currently undergoing extensive trials with public utilities in the US under a programme being co-ordinated by the US Electric Vehicle Development Corporation. If all continues well, this fleet will be increased to nearly 1,000 vehicles over the next few years.

GM is showing more than a passing interest in the UK electric vehicle on the basis of research it carried out a couple research if carried out a couple of years ago indicating that up to 3.5m light commercials in North America, mainly on urban delivery work, were potential candidates for being switched to electric operation, for both environmental and fuel

economy reasons. Since then the picture has heen slightly clouded by two factors:

LESS WEIGHT MORE LOGO

LESS FUEL

Mone Choice Less Maintenance MORE COMFORT

AND ALL FOR LONGER

tive of operators to sell alterna-tive vehicles to petrol or diesel, tionally-powered vans. And, second, GM's problems The constraint, of course, is with its own light commerciails range — currently 50 to 60 product planning. It had planned to produce a "world" van by the end of the 1980s, suitable for all markets. This would certainly have meant the end of Bedford's CF, with unknown consequences for the electric version,

The world van planning appears to have run into diffculties, however, so the CF for the moment soldiers on, but with uncertainty still surround-

Evaluation of the electric CF's potential is by no means confined to the UK and North America, however, Currently it America, however, Currently it is undergoing trials with a total of 70 operators worldwide. Six have gone to Japan, including two provided to Chanbu Denrokyu, a major utility which supplies electricity to the central, and most heavily indus-trialised, region of Japan. In addition they have been exported to Denmark. Sweden.

exported to Denmark, Sweden, West Germany, Israel and Hong Kong. The Republic of China has also placed trial orders. The performance of the wans

The performance of the vans is far removed from that of the milk float. They are fully "traffic compatible" in the jargon of the electric vehicle industry. That means the vans have a top speed of about 50 miles per hour, and accelera-

tive with conventional vans in terms of whole-life costs, there has been some scepticism about has been some scepticism about plans, what appears increasingly whether the vans could ever unlikely to be realised is a prediction made in 1984 by mar-their initial cost.

1.1.1.1

their initial cost. When the CF electric was launched, it had a price, inclod-ing batteries, of some £10,500. But this was after a subsidy provided by the Department of Trade and Industry equivalent to about £4,000 per vehicle. So the £14,000 "true" price was approaching triple that of the petrol or diesel version. Bicht from the launch in

Right from the launch, in April 1984, Bedford argued, however, that yon simply could not look at electric vehicles that way. For the battery pack and its charger, accounting for nearly half the subsidised price, had to be viewed as a fuel, not capital, cost as an average the batteries would last for four years.

In any case, Mr Malia pointed out, the DTPs subsidy was to encourage "market entry" for range — currently 50 to 60 electric vehicles. As the pro-miles between charges using the duction of more vehicles latest types of lead acid trac-tion battery. Even so, research the need for the subsidy would by Bedford and its partners in the project have shown that

by Bedford and its partners in the project have shown that this is adequate for a wide variety of light commercials on fixed urban delivery rontes. Until recently, and despite claims that the electric vehicles are already competi-tive with conventional ware in

Based on current production individual cells about the size of a torch battery, it can be arranged in strings easily that the UK market for such vans - which are being made adapted to underfloor spaces in

the vehicle. vans — which are being made in limited quantities also by Freight Rover, the Rover Group (formerly BL) vans subsidiary, could reach 4,000 units a year before the end of the decade. battery could be in commercial

Diminishing concern about fuel prices almost certainly has put paid to that prospect.

But that situation could yet be changed if trials of a CF2 fitted with a new "super-battery" and which are due to start before the end of the year prove successful,

The hattery, developed by Chloride Silent Power, uses sodium and sulphur as its coople. With the battery pack made up of hundreds of

that because of the cheapness and free availability of the couple materials, it could be cheaper than lead acid units.

A DAMAGE TO A DAMAGE TO A

From the electric vehicle manufacturers and operators' point of view, however, the real bonus is that the vans' range with a one-tonne payload could be tripled to 150 miles, or pay-load much increased, because the "superbattery" pack will be far lighter than lead acid

John Griffiths



Above: One of six Bedford CF2 vans arrives at th container depot for shipment to Japan. Below: Cal of the Bedford Midi van with its high-backed driver'

Driver's view

# Vehicles much easier to use

FOR THE delivery driver life passenger cars are not, an gets progressively tougher, with neither are car-based vans. increased urban traffic con-gestion and proliferation of ings are also too low, the door o gestion and proliferation of ings are also too low. A du yellow lines in shopping streets. He is also in many instance different parts of town wil having to get to grips with com-puter-generated paperwork, as delivery notes take the form of ing his head on the door fu yet-more print outs. We cannot manufact:

yet more print-outs. There are, however, com-pensations. Today's vans and chassis designed for multi-drop operation are far in advance of their predecessors from the of manufacturing cost, for make their smallest vans as suited, ergonomically, to m drop working as their one of manufacturing cost, for wohymer institud of the the size of the size of the size of manufacturing cost, for wohymer institud of the size of the size of the size of manufacturing cost, for wohymer institud of the size wohymer institud of the size wohymer institud of the size of the operation are far in advance of their predecessors from the driver's point of view.

driver's point of view. At the end of a day making perhaps 40 or 50 deliveries, a driver of a mid-1980s van or truck is less fatigned both physically and mentally than his Reduced interime poice is a important contributory Fundamentally new is now being assembled by Bedford at Luton for bad factor. Tanges redesigned this year, like Ford's redesigned Transit, Renault's car-derived Extra, and, most recently, Mercedes's 3.5-7.5 tonnes the T2 vans, are two to under both marque names Like the tival Honda Daihatsu sold in Britain, flat-fronted forward-control sign makes for optimum us the vehicle's overall length three decibels queses and harshness, wibration and harshness, regarded by vehicle engineers as integral elements in the noise-reduction challenge, have also been cut quite sharply, three decibels quieter than the load-carrying. Significantly Suzuki is 16 in (406 "taller" than Bedford's et carderived Astravan. You can step into a n also been cut quite sharp; largely as the result of con van almost as easily can enter a bigger van lil largely as the result or com-puter analysis of structural dynamics—how vehicle com-ponents, from engine valve-covers to van side panels, "behave" across a spectrum of resonance loads and frequencies. Weight of insulating material writer than its natural how Transit or a Bedford CF. the seating position is ciently high for the drive see over cars in front. M drop work is thus erg mically more acceptable to micro driver than to rather than its nature has counterpart in a carder come to be regarded as crucial in bringing down noise levels. Van, Van, On the negative side, price for that ease of cab e is a somewhat cramped, the upright, driving posi Because the micros are narrow, elbow room is res The Mercedes T2 has 77 Ho (\$5 kg) of high-density miaeral feit in the cab area alone, much of it lining the removable cover shrouding the rear end of the diesel engine. ted, especially when a senger is carried. Imagewise, microvans c the macho truck driver drome as far in the "wro Relatively minor changes to vehicle controls, bringing them more readily to hand (or foot) and simplifying their operation have further helped to enhance drivers' perceptions of the new generation of light or the new direction as it is possibly go. The narrowness of vehicle suggests a lack beefness. The fact remains micros are immensely prac-for internet diluterer pracsemeration of light commercial vehicles. Better placing of in-struments, switches and knobs in more thoughtfully laid-out fascias has also played its part in making vans and trucks as easy, even relaxing, to drive as the average passenger car. There however is the rub, in that for multidice for intown delivery work. for in-town delivery work. Both the Transit and bigger Mercedes T2 r carry the stamp of erg mically-influenced 1980s de thinking Cab entry, in cases, is set well behind front arke for easy " no har driver averse Commission

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# THE NEW MERCEDES MEDIUM VANS 3.5-7.5 TONNES.

Mercedes announce an evolutionary new generation of medium vans and chassis cabs making tomorrow's standards of economy, reliability and durability available today.

Meticulously engineered by Mercedes-Benz. Compared to their Mercedes predecessors, the new range offers higher payloads: from 1-1 tonnes in the 507D up to 5.0 tonnes in the 811D.

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Mercedes can take a massive payload of 4380 kg or can carry a cavernous volume of up to 17.4 cubic metres.

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VAN, CHASSIS CAB, GVW AND WHEELBASE OPTIONS 507D 609D 709D 811D 

for every size, shape and type of application. The new cabs offer panoramic vision and real driver comfort. And 35 kg of insulation material, to greatly reduce in-cab noise, and rubber mountings to deaden vibration, are just two more of the many special features.

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For full technical specifications, and a test drive, contact your Mercedes van dealer today.



that for multi-drop town delivery work, a car-like layout is far from ideal. It comes down to the engonances of a van driver's job-the ease with which he can get in and out of his vehicle.

oping, bending, twisting and other contortions, possibly while carrying delivery (or collection) consignments, are obviously to be avoided if pos-sible through proper attention cargo space feature loading door, listed as option on the Mercedes, to erg

to ergonomics. Right down at the end of the commercial vehicle weight range, for payloads of up to 10 to 12 cwt (500-600 kg), car-derived vans (and pick-ups) have traditionally been accepted (1m)-wide pallet. Min effort is needed to open door and a recessed along with a much lower now makes it much easie get up into the loadspace. as the norm. Vans like the Ford Escort, Bedford Astra and Austin Massivo continue to sell in larger numbers to High Street and their chassis c lents set increasingly standards internally traders.

A car-derived van by definition offers a car-like seating position, to give high levels of comfort, once the driver is helping the wheel. But for undertaking high-frequency deliveries, he might have to get in and out as many as 10 times while vehicles like the Ford

Transit and Mercedes T2 are designed for easy step access to the driving seat.

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internally, closely emulating pa levels of trim and refinen Some hard-bitten frans managers might say that drivers are getting spoilt. comfort. ence and a plush, durable, cab inter th interior undeniably important co butors to the demand

driver access. Cro

crew m

for the driver needing to out on the kerbside in a tr

clogged street is made ea by the same token a t

modated in greater comfor

new ranges. The sliding

Aesthetically, bigger

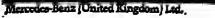
Wider door openings into

can be ac

OTL

ember

greater driver, and hence operational Alan Bunt



METICULOUS ENGINEERING DOESN'T COST YOU. IT PAYS YOU.



# **SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES** Tuesday July 15 1986



Singer

sewing

spin-off

By Our Financial Staf

approves

25

# **Guinness drop** separate board for Distillers

### BY DAVID GOODHART IN LONDON

GUINNESS, the UK brewing and Guinness camp however was sug-

a board would be formed from senior executives of Guinness and Distillers and would include non-executive directors such as Sir Nigel Broakes, chairman of Trafalgar House

Mr Chris Davidson, Guinness's senior press spokesman, said that the decision not to establish a separate board had been made after consultation with major shareholders who were concerned to see Distillers streamlined and not have even more tiers of management grafted on.

He added that Guinness still intended to shift its headquarters to Scotland, as promised during the bid, and register as a Scottish com-

able for comment yesterday. The ness."

### retail group, announced yesterday that Sir Thomas Risk, the governor gesting that there had been some friction between him and Mr Ernest of the Bank of Scotland, would not Saunders, the Guinness chief executive, over the amount of banking become non-executive chairman of a new joint board as proposed at business that would go to the Bank the time of its successful bid for of Scotland Distillers earlier in the year. The company also admitted that it no longer planned to set up a sep-arate board at all. In its offer docu-ment of March 3 it stated that such Board changes following the Dis-tillers takeover will now be based on the original Guinness board and as a prelude to those changes it was also announced yesterday that Mr Saunders would become chairman

and chief executive of the company. Previously he had been deputy chairman and chief executive. The Earl of Iveagh, the current chair-man, will become president. Aithough Mr John Connell, the former chairman of Distillers, is ex-

pected to retire soon, it is likely that his younger brother Mr David Con-nell will join the Guinness board from Distillers However, Mr Victor MaColl, an

assistant director of Kleinwort Grievson, which acted for Distillers during the takeover, said: "It is unfortunate that an unnecessary proposed structure was put together when we all knew that it was Er-

nest Saunders' management that Sir Thomas Risk was not avail- would end up running the new busi-

# Zanussi in profit after five years of losses BY ALAN FRIEDMAN IN MILAN

three years.

# ZANUSSI the leading Italian home barked on a programme of factory appliance maker which is con- automation which is part of L340bn appliance maker which is con-trolled by Electrolux of Sweden, emerged from five years of losses with a L5.2bn (\$3.5m) net profit in the first four months of this year. The result compares with a L24bn loss in the first four months of 1985 and Zanussi is now predicting a 1985 full year profit of "several tens of billions of lire" against the 1985 deficit of L32.4bn.

Under the inānagement of Mr Gianmario Rossignolo, the Zanussi chairman installed in late 1984 by Electrolux, the Pordenone-based white goods maker has been undergoing significant rationalisation and restructuring. Zanussi has em- to 11,000 or 12,000 by 1988.

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terest operating income and securi-

a 11.4 per cent rise in its second quarter net income to \$146m and hemical New York, parent of New \$34.1m. York's fifth biggest bank, an-nounced an 8.4 per cent drop in sec-ond-quarter net income to \$98.3m. Chase said that its earnings were

coosted by higher net interest in-**Standard Chartered** 

shares lose 57p

BY NICK BUNKER IN LONDON STANDARD CHARTERED, the of about 815p per share. British-based international bank, Sir Y. K., who holds an estimated saw 57p wiped off its share price on 14.9 per cent of Standard Char the London stock market yesterday tered, was reported to have said in in the aftermath of its escape on Hong Kong that his purchase was a Saturday afternoon from the hostile £1.3bn (\$2bn) takeover bid by long-term investment made with his own funds. Yesterday's share price fall leaves him holding losses

Lloyds Bank. The fall left Standard Chartered's on paper of about £21.7m. Brokers' analysts took the view The fall left Standard Chartered's shares trading at the close last night at 718p, down from 775p on Friday evening. It also left Stan-dard Chartered's three leading sav-iours, Sir Yue-Kong Pao, Tan Sri Khoo Teck Puat and Mr Robert yesterday that the bank would have to act quickly to demonstrate that the presence of the new major shareholders would be a catalyst to reorganisation and streamlining of Holmes à Court holding between them paper losses estimated at its global operations. Mr Michael McWilliam, Standard Chartered's group chief executive has indicated that he would support £39.7m

Sir Y. K., the Hong Kong proper-ty and shipping magnate, Tan Sri Khoo, a Malaysian businessman, of capital investments over the next a plan to float off separate parts of the business on foreign markets, such as Hong Kong and Singapore. There was speculation among an-alysts that the leading role played by Mr McWilliam in defeating the and Mr Holmes a Court, the Aus-Last year Zanussi's L32.4bn loss tralian financier, acquired stakes totalling about 27.3 per cent of Stan-dard Chartered in two days of hecon sales of LL.677bn already repre-sented an improvement on 1984 losses of L125.9bn (on sales of tic buying lata last week which successfully frustrated Lloyds' three-month-old bid. They are thought to L1,760bn). For this year Zanussi is personal position within the bank, giving him the authority to push through changes in its operation. predicting a 10 per cent rise in revehave bought into the bank at prices

mes, to Lil,845bn. Apart from capital projects, Za-musi is also following a union-agreed programme of redundan-cies, which should see the group Hoffmann-La Roche to workforce in Italy down from around 16,000 at the end of last year sell interferon in UK

# J. P. Morgan earnings rise 50.6%

### BY WILLIAM HALL IN NEW YORK

J. P. MORGAN, parent of Morgan come, higher fees and foreign ex- expected losses at a Brazilian affil-Guaranty Trust, yesterday began change trading profits, plus invest-the second quarter reporting season ment gains and a \$9m after-tax gain for the major US money centre on the sale of Chase's interest in a banks, by announcing a 50.8 per Japanese leasing company. These cent jump in net earnings to \$237m for the three months to end-June. favourable factors were partially offset by increased operating ex-Morgan's earnings, which result-ed chiefly from increases in non-in-sion.

Chemical said that its second terest operating income and securi-ties gains, as well as from higher net interest earnings, oversha-dowed yesterday's results from oth-er leading US money centre banks. Chase Manbattan, Morgan's larg-er but less profitable rival, reported quarter results were depressed by lower gains on the sales of investment securities, losses in the trading account and a larger provision for loan losses. Irving Bank, one of the smaller New York money centre banks, reported a 6.5 per cent rise

in second-quarter net income to First Chicago's biggest banking group, reported net income of \$83.6m in the latest period, compared with \$11.7m a year ago when earnings plummeted because of un-

Lloyd's bid would strengthen his

inte. Northern Trust, one of First Chicago's local rivals, announced a' 42 per cent rise in its second quarter earnings to \$8.5m. Most major US banks are experi-

encing strong gains in net interest income at the moment. Morgan's net interest earnings on a tax-

equivalent basis rose by 24 per cent to \$522.8m in the second quarter, while Chemical's net interest income rose by 11.3 per cent to \$500.3m. It said that spreads benefited from a slowly declining earnings rate compared with n more rapidly falling funding rate. Morgan's earnings continue to be underpinned by very strong growth in its non-interest operating income which rose by two-thirds to \$377.1m

BY TERRY DODSWORTH IN NEW YORK

its position in international mar-

Seven-up, which is one of the leading producers in the expanding

emon-lime category of the soft

competition.

in the second quarter. A healthy inse in corporate finance fees boosted earnings from the category

known as "other operating income" by 50 per cent to \$125.7m. Income from foreign exchange trading rose by \$15.1m to \$60.7m and net invest-\$24.5m in the same period last year. Morgan's performance was also helped by a \$20m fall in its second

quarter loan loss provisions from last year's \$90m. However, many of its rivals posted higher loan loss provisions. Chase's second quarter provision rose by \$30m to \$135m and Chemical's second quarter pro-visions rose by 42 per cent to \$83.4m

Chase's non-performing loans of \$2bn at the end of June are down

**PepsiCo acquires Seven-Up's** 

overseas interests for \$246m

- with \$1bn a year ago. Morgan continues to set a standard for the rest of the US moneycentre banks by boosting its priment securities gains of \$66.1m in mary capital since 1985 by \$469m to the second quarter compared with just over \$6bn giving it a primary \$24.5m in the same period last year. capital ratio of 8.23 per cent. A year ago the ratio was 7.63 per cent. Chemical has also increased its primary capital ratio from 6.51 per cent to 7.35 per cent over the same

For the first six months of 1986, Morgan's earnings are 46.2 per cent ahead at \$470.9m or \$5.14 per share. Chemical's earnings are 2 per

nt higher in the first half at \$200.9m or \$3.70 per fully diluted share. Its shares shed \$1 to \$47% in from last year's \$2.4bn but still ac-count for \$1 per cent of total loans. shares also slipped by \$% to \$40% in Morgan's non-performing loans early trading yesterday. Its six continue to decline and at the end of March totalled \$672m compared ahead at \$289m or \$3.38 per share.

SINGER, the Connecticut-based erospace and marine equipment group, has finalised plans for the spin-off of its sewing and furniture operations and predicted a sharp rise in second-quarter earnings. The company said its board approved the spin-off, which has been under consideration for some

months. The spun-off businesses will begin to function as a separate entity known as SSMC, which will continue to manufacture and self Singer-branded sewing machines and furniture products.

Singer said shares in the new company would be distributed as a special dividend after registration is completed with the US Securities Is completen with the US Securities & Exchange Commission. This is expected to take place before the end of September and will be at the rate of one share in the new company for every four Singer shares cur-rently beld.

Singer itself will keep 15 per cent of SSMCs common stock and a class of its preferred stock, Mr Joseph Flavin, Singer's chairman and chief executive, said. The spin-off completed Singer's transformation into an aerospace electronics com-Dany.

On earnings, the company esti-mated that its second-quarter net ncome was about \$22m or 99 cents a share, compared with \$12.2m or 61 cents a year earlier, when there were fewer shares outstanding.

The latest results, however, were heavily distorted by special factors, the largest of which was a \$109m after-tax gain on the sale of the company's controls division to Eaton.

This, and a \$17m tax credit, were partially offset by write-offs on remaining start up costs of the Simuf-lite division, provisions relating to the spin-off of the sewing and furniture operaitons and accounting changes on the aerospace side.

This announcement appears as a matter of record only.

PEPSICO, the US soft drinks manu-facturer, has moved to strengthen erates in 85 countries, and is one of competitive position overseas for a number of reasons," Mr Robert the leaders in the fast-growing lemkets with the acquisition of the overseas interests of Seven-Up for \$246m in cash. on-lime category - a part of the market accounting for about 15 per cent of the total soft-drinks market nds our presence in the burgeoning lemon-lime category; it strengthens our network of franoutside the US against around 7 per chised bottlers; and it will increase

Philip Morris has struggled to

Beeby, Pepsi-Cola International's president, said yesterday. "It ex-

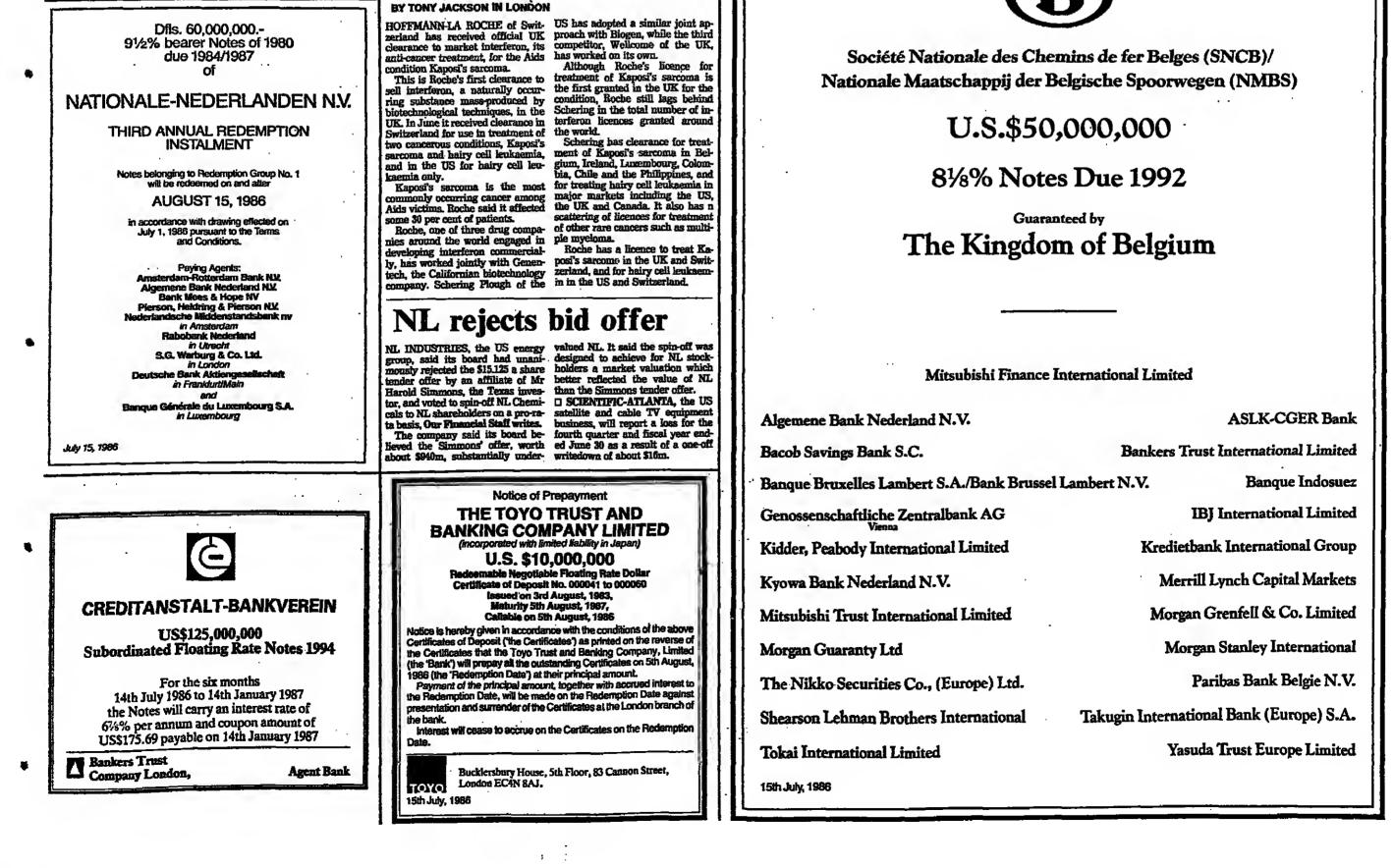
the efficiency of our respective manufacturing, distribution and marketing systems.\*

The acquisition of Seven-Up In-ternational comes in a period of consolidation in the soft drinks industry. Coca-Cola, the leading producer in the sector, has also haunched a hid for Dr Pepper, although it is by no means certain that this will go through against opposition from the anti-trust anthori-ties. Philip Morris is, in addition, believed to be considering several proposals for the purchase of the US business of Seven-Up.

drinks business, was placed on the market some time ago by Philip make money on Seven-Up because of its lack of supporting soft-drink brands, but Wall Street believes Morris, the tobacco group which bought the company for \$520m eight years ago. PepsiCo made a \$380m bid for the whole of the that PepsiCo will be in a better position to turn a profit on the comp because the deal will allow it to drinks group earlier this year, but make improved use of its bottling and marketing facilities. PepsiCo should be able to use its expanded was thwarted by the US anti-trust authorities, who opposed the deal on the grounds that it might reduce network to increase its distribution of Slice, its own lemon-lime juice Analysts believe, however, that PepsiCo has acquired the strongest part of Seven-Up in its internationbrand, while Seven-Up will have the

cent within the US.

backing of the larger group's prom-otional organisation. "The addition of Seven-Up Inter-national will greatly improve our al division, which is believed to be the third largest soft drinks compa-



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Dainippon in talks with

**BASF** to buy ink maker

# **INTERN, COMPANIES AND FINANCE**

# Weak dollar hits Audi in first half

### By our Financial Staff

AUDI, part of the West German Volkswagen group, has improved sales to DM 5bn (\$2.29bn) in the first half of 1986, against DM 4.9bn a year

1986, against DM 4.9hm a year earlier. Higher domestic sales were offset by lower exports, the group said. Mr Wolfgang Habbel, manag-ing board chairman, did not give group profit figures for the half year, but said he was "gen-erally satisfied" with develop-monts during the period. Speaking at the annual meet-ing, Mr Habbel said "Andi sales in West Gormany have nicked ing ser Handel said Addi sates in West Germany have picked up significantly in the past months." He cited the 10 per cent rise in domestic deliveries

to 82.000 cars in the six months, up from 74.300 cars a year earlier as proof. But the positivo trend at homo was not mirrored in markets abroad, be said. Deliveries of new Audi cars in Deliveries of new Audi cars in other European countries were 5.5 per cent lower, totalling 69,000 units in the six months, compared with 73,000. Exports to the US declined as the dollar weakened. Mr Habbel forecart 1986 sales of "more than DM 10bn" which would be up from the DM 9.5bn of 1985. But he said profit on the year, would not surpass the 1985 total of DM 221m. 1985 total of DM 221m.

The Bank of Nova Scotia U.S. 5280,000,000 Florting Einte Debestures Due July 1994 For the six month period 14th July 1986 to 14th January 1987 the Debentures will bear an interest rate of 61454% per annum with a Coupon Amount of US\$354,58 psyable 14th January 1987.

Bashers Trust Company, London Agent Band

BY DAVED BROWN IN FRANKFURT AND YOKO SHIBATA

gest US printing ink producer, may acquire Hartmann, a West German based printing ink company.

company. It is negotiating with BASF, the big German chemical group, which acquired Hartmann last year following the \$1bn take-over of Immont, a subsidiary of United Technelogies of the US. A formal contract is expected to be signed possibly later this month. The purchase of Hart-mann would boost Dainippon's annual printing ink sales to about Y75bn (\$466m), making BASF's acquisition of the Inmont printing ink and paints group gave it a leading position in supplying paints to the US. car industry, and set the stage for a strategically important assault on the Japanese market. Under the terms of a West German Cartel Office ruling, BASF was obliged to dispose

# Dallas bank agrees sale of four loss-making units

BY MARY PRINGS IN DALLAS

debentures which United would issue to purchase the Houston banks. The Debentures, which are convertible infie United com-mon stock and redeemable after seven years, would have a 15-year maturity and pay 5 per cent intorest. Their value would be dotermined by the four banks' book value at the closing date. BANCTEXAS GROUP, the beleaguered Dallas-based bank, holding company, which last month signed a letter of intent to sell its six north Texas banks to Mr Gerald, J. Ford's investment Group, has reached a further agreement with United Bankers for the sale of its four loss-making Houston banks.

date.

United Bankers is an inde-pendent bank group based in. Waco, Terzs, with nine banks and \$767m in assets. Like Mr Ford's proposal, United's offer is contingent on substantial financial assistance: from the Federal Doposit, Insurance Corporation, which would then have first claim on the proceeds of the zero-coupon

DAINIPPON INK, the Japanese it the world's biggest ink maker, of a portion of its Hartmann group which recently made a the company said holding within a specified time bid for Sun Chemical, the big-gest US printing ink producer, may acquire Hartmann, a West many, Britain, the Netherlands, tions in Europe, notably in Ger-many, Britain, the Netherlands, Swellen, France and Belgium. Its annual sales total about DM 200m.

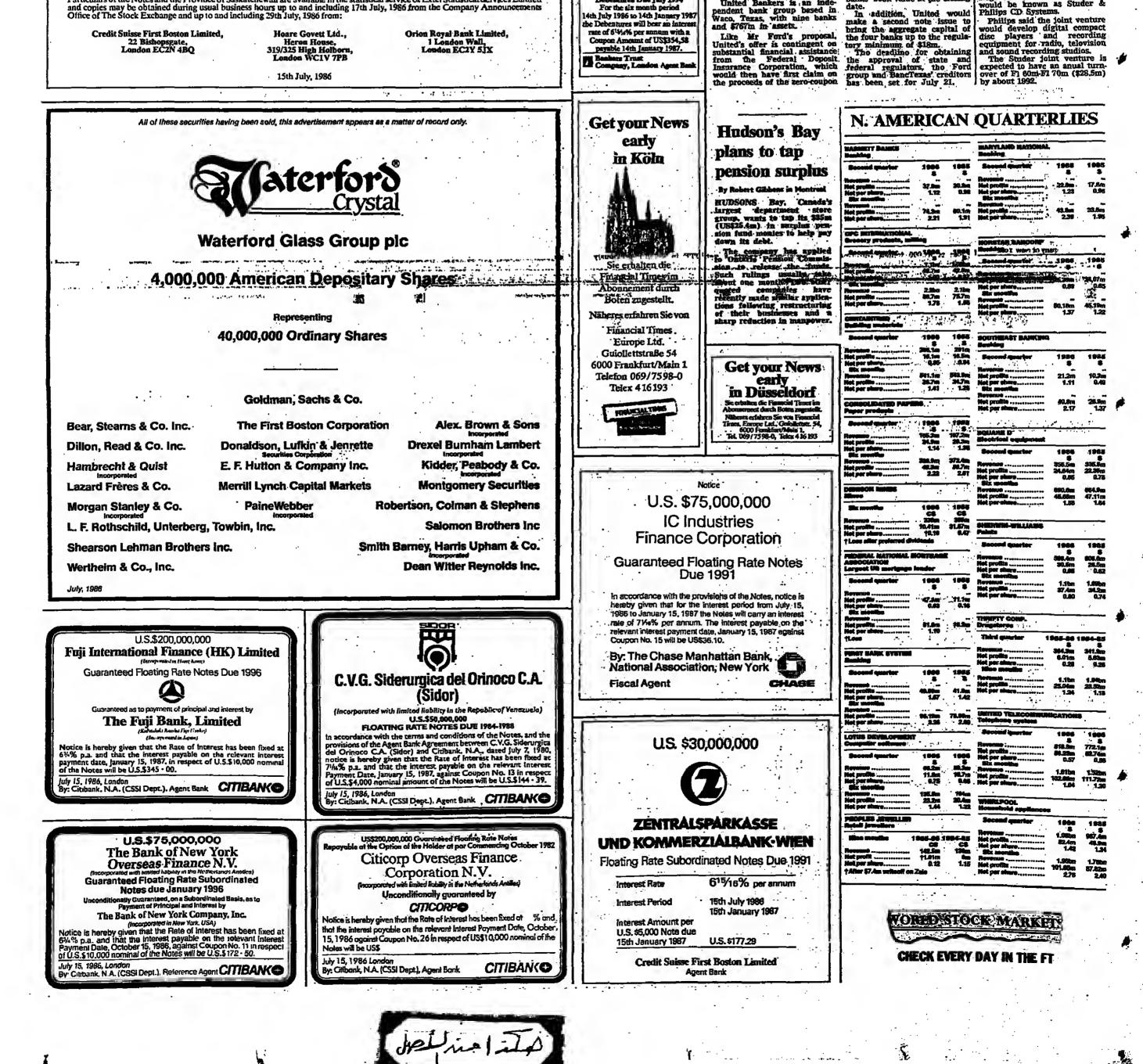
Under the terms of the letter of intent. BASF is to keep the Hartmann name and tradomark in France, Belgium and

Ireland BASE increased BASF increased pre-tax profits by a fifth last year to DM 3.04bm on sales of DM 47.7bn. But this year opened slowly for the group with first quarter profits dip-ping by 12 per cent as a result of the weak dollar and lower oil prices.

20.00 Philips sets up

# Swiss compact disc venture

PHILIPS WILL form a joint venture with Willi Studer, of Switzerland, to research profes-sional studio systems based on compact disc (CD) technology. reports AP-D3 from Eindkaven. Tho big Dutch electronics maker said it would hold 50 per cent of a new joint-venture with Studer, an olectronic concern. The venture would be based in Regensdorf, Switzerland, and would be known as Studer & Philips CD Systems. Philips said the joint venture would develop digital compact disc players and recording equipment for radio, telovision and sound recording studios. The Studer joint venture is expected to have an anual tura-over of F1 60m-F1 70m (\$28.5m) by about 1992. PHILIPS WILL form a joint



26

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**INTL. COMPANIES and FINANCE** 

# **BHP's earnings top A\$1bn mark**

### BY MARK WESTHELD IN SYDNEY

PI MARK WESTFIELD IN SYPNEY BROKEN HILL PROPRIETARY per cent increase on last year's gas division, carned a profit in (BHP), Australia's largest com-pany, has become the country's first to achieve annual net profits of more than A\$1im (US\$638m), although it took to nudge eainings past fills 26.3 per cent tax increase to Bell Resources and a search

BY IM JONES IN JOHANNE

to nudge earnings past this Earnings were hindered by a threshold. 26.3 per cent tax increase to Expectations generated during A\$847.42m; a 21 per cent rise the exhaustive takeover bid for in depreciation to A\$581.13m, BHP by Mr Robert Holmes a and a 14 per cent rise in interest Court, the Perth entrepreneur, costs to A\$318.27m. mission into BHP's A\$1bn pur-

HHP by Mr Robert Holmes a and a 14 per cent rise in interest Court, the Perth entrepreneur, were for an earnings figure com-fortably enceeding A\$1bn. However, a sharp downturn 8 per cent below the figure in the final quarter result in being confidently predicted particular from its petroleum during the heat of Mr Holmes a for the year to May of ago. A\$988.2m, after minority The company made A\$180.4m interests but encluding the in the quarter, compared with extraordinary income. This still Here and a 14 per cent rise in interest mission into BHP's A\$1bn pur-the main reason for the shortcoming was a final quarter result for the year which fell Here and the poor fourth during the heat of Mr Holmes a expected value for the Austra-the end of May. The company made A\$180.4m represented a substantial \$1.3 Here and a 14 per cent rise in interest mission into BHP's A\$1bn pur-the main reason for the shortcoming was a final quarter result for the year which fell He stid the poor fourth during the heat of Mr Holmes a expected value for the Austra-the end of May. The period was not repre-ing that he value of the dollar is ing that period, of over 70 s

cent lower than the previous comparative figure. Wr Brian Loton, managing director, was relaxed and affable after the traumas of the bid by Mr Holmes & Court's Bell Resources and a search-ing inquiry by the National Companies and Securities Com-

might be. He did reveal that the com-pany planned to list its shares on the New York Stock Exchange in order to broaden its shareholder base. He said a "small" share placement might be made, but that was the only share issue being con-templated:

He added that the increase in the company's borrowings from A\$2.6bn to A\$5.4bn was " quite acceptable" because the gear-ing ratio was still on the con-servative side. This announcement appears as a matter of record only.

# INVESTCORP

# U.S. \$50,000,000

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Nedbank acts to rescue Triomf Fertilizer

ROOD ROOD ROOD

# BY JM JONES N JOHANNESSURG NEDBANK, South Africa's third largest banking group, has baken emergency action to save Triomf Fertilizer, the troubled shares, although Mr Gerry annual 400,000 tonnes on annual 400,000 tonnes of phosphoric acid and charman, was yesterday unable is give precise details of Triomf as a whole owes Nedbank about BS50m (\$135.5m). About one-third of this amount, which is to convert a large part of the remainder of and Neckmark is to convert a large part of the remainder of the remainder of the remainder of the remainder of and Neckmark is to convert a large part of the remainder of the remaind Forward gold sales boost Former OTB Wells Fargo & Company chief jailed **Rand Mines group profits** U.S. \$100,000,000

BY KENNETH MARSTON, MENING EDITOR

Floating Rate Subordinated Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 15th July, 1986 to 15th Jony, 1986 to 15th October, 1986

Rate of 61916% per annum.

Interest payable on the relevant interest payable on the relevant interest payment date 15th October, 1986 will amount to US\$177.29 per US\$10,000 None and U\$\$1886.46 per U\$\$50,000 None,

1201 111 111 111 1111 1101 1

**Ingersoli-Rand** Company

Agent Bank: Morgan Guaranty Trust Company of New York-London

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THE SOUTH AFRICAN gold producers in the Rand Mines group-with the exception of the veteran Least Rand Pro-prietary Mines-have reported ingher earnings for the June quarter. Helped by forward gold sales, the average bullion prices area have increased deantie excerned have increased deantie Biyvooruizicht ... 18,402 14,471 18,222 Durben Deep ..... 5,212 3,002 19,367 East Rand Pty ... 91,468 94,838 13,937 Harmony ....... 61,253 47,876 59,946 • After receipt of State assistance, † Store assistance oversieimed, ‡ Loss. received have increased despite the lower domestic prices obtaining in the period.

obtaining in the period. Blyvoor has raised its gold production with the aid of increased milling of ere drawn from the tribute areas on the Driefontein boundary. The total ore milled in the latest quarter comes out at 588,000 tonnes, against 498,000 tonnes in the previous three months, after the lifes of \$2,000 tolines resulting from a wildent strike. Harmony raised output in the June quarter and not profits benefited from a reduced tax charge arising from an increase in taxoffsetting capital expenditure. ERPM, however, suffered from a fall in gold

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HONG KONG'S High Court yesterday sentenced Mr Patrick Chang, former managing direc-tor of Overseas Trust Bank (OTB), to three years in jail for conspiring to defraud the bank, which was subsequently rescued in a government bail-out in June 1985.

for three years

By our Financial Staff

out in June 1985. Last Friday Mr Chang pleaded guilty to the charges. Meanwhile OTB is itself taking part in the rescue of International Trust and Finance (ITF), a troubled Thailand finance house. It is to provide 150m haht (US\$5.73m) and will own 49 per cent of the reshared production as a result of a lower grade of ore milled and despite state assistance. Feports 2 net: 150m baht (US\$5.75m) and will own 49 per cent of the reshaped TTF, in Which it previously held loss for the quarter.

ECU 100.000.000 8¼ per cent Depositary Receipts due 1993

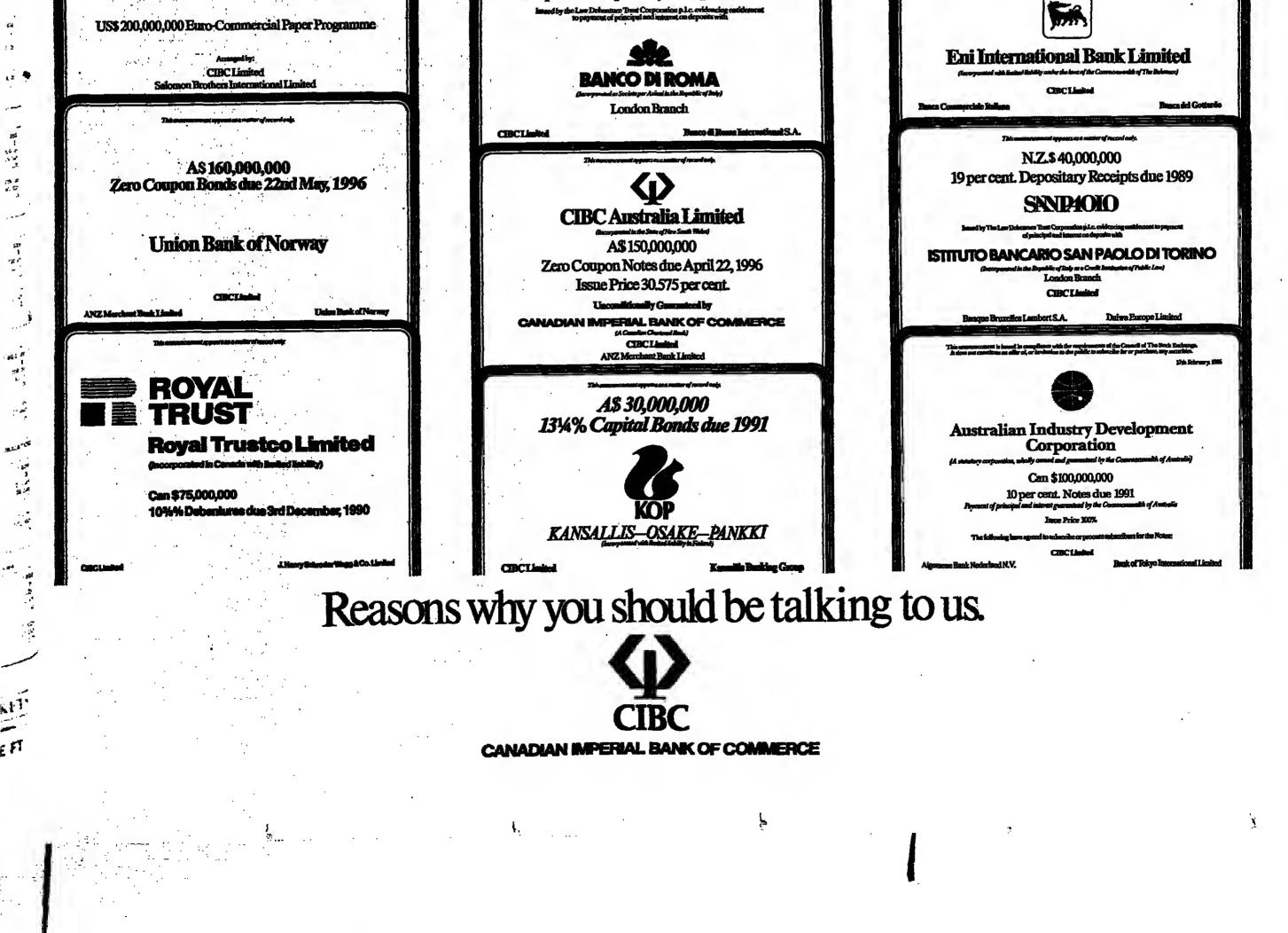
Manage

Girozentrale und Bank der osterreichischen Sparkassen

Staal Bankiers N.V. Banque Indosuez OBU

July, 1986

27



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This announcement appears as a matter of record only.

# Nike, Inc. U.S. \$100,000,000

**Multiple Option Facility** 

Managers
The Bank of Tokyo, Ltd.   Banque Nationale de Paris
Canadian Imperial Bank Group   Commerzbank Aktiengesellschaft
The First National Bank of Chicago   National Westminster Bank Group
Gelden State Sanwa Bank
Tender Panel Members
Bank of America International Limited   Bank of Tokyo International Limited
Banque Nationale de Paris p.1.c.   CIBC Limited
Citicorp Investment Bank Limited   Commerzbank Aktiengesellschaft
County NatWest Capital Markets Limited  First Chicago Limited NetWest Investment Bunk Limited
Kidder, Peabody International Limited   Salomon Brothers International Limited
Sanwa International Limited    Seattle – First National Bank
Security Pacific Hoare Govett Limited   Shearson Lehman Brothers International
Sociëtë Générale   Westpac Banking Corporation
Arranger, Agent and Tender Panel Agent
Citicorp Investment Bank Limited
June 25, 1986

# CITICORP O INVESTMENT BANK

5

Financial Times Tuesday July 15 1986

# **INTL. COMPANES and FINANCE**

# Denmark plans \$1bn Europaper programme

By Peter Montagnon,

DENMARK PLANS to launch a \$1bn commercial paper pro-gramme in the Euromarkets gramme in the Euromarkets soon to complement its exist-ing short-term borrowing facility in the US, Mr NHs Erik Sorensen, a senior Finance Ministry official, said in Copenhagen. The Ministry has drawn up a shortlist of possible dealers and actual sales of paper should begin within the next two months. The aim of the programme

two menns. The aim of the programme would be to add a new bor-rowing option, allowing Den-mark to tap the Euromarket at times when it is cheaper than the US commercial paper market market.

Access to short-term funds also adds flexibility to bor-rowing abroad by enabling Desmark to wait until the Demnark to war until the right market conditions materialise before launching longer-tarm capital market issues.

longer-tarm capital market issues. Denmark expects to main-tain about \$200m to \$300m outstanding in Eurocommer-cial paper to establish its standing with investors and thereafter to issue more depending on need. Average outstandings on its US pro-gramme, for which Merrill Lynch and Morgan Guatanty are dealers, have been about \$300m since it was launched last Angust although peak borrowings have been some \$700m, Mr Sorensen said. The programme will neither be rated nor specifically hacked up by any medlum-term standby credits. Effective back-up is already available through the \$10m facility arranged for Denmark by Manufacturers Hanover in 1984 as well as net official

Manuacturers Hanover in 1984 as well as net official central bank reserves of DKr 38bn and the central bank's credit facilities under the European Monetary System arrangements. The plan forms part of a

System arrangements. The plan forms part of a higher profile established by Denmark on the international capital markets this year, partly because of a slowdown in foreign borrowing by the private sector which ran up net capital imports of DKr 37bn last year. Mr Sorensen said the King-dom now expects gross foreign borrowing to total some DKr 37bn this year of which . DKr 11bn was raised in the

DKr 27bn this year of which -DKr 11bn was raised in the first half. This figure includes planned early repayments of existing debt of DKr 11.3in. One deal that is likely to be repaid early is the \$500m -floating rate note led by Merrill Lynch in 1983 and carrying an interest margin of  $\gamma$  per cent over London Intrr-bank offered rates. This deal could be refinanced more

US 2011 SynAtion Aanoco Ce Adatos, R. Australia Aestralia BP Copis Changhali Canghali Canghal

BY OUR EUROMARKETS STAFF NORWAY, its balance of pay-ments hit by falling oil prices would be aided by the agree-and an over-heated economy, returned to the Eurobond mar-ter would be aided by the agree-ment of co-managers to quote returned to the Eurobond mar-ket yesterday for the first time since 1979 with a \$500m fired-rate issue on terms seen as aggressive by the market. Merrill Lynch Capital Mar-interbank offered rates (Libor). Merril Lynch Capital Mar-interbank offered rates (Libor). kets said it launched the issue et 25 basis points over US treasury yields, net of fees. The five-year builet bonds have a coupon of 71 per cent and were priced at 1011. Late in the day, they were bid at a discount to the issue price equal to or slightly wider than the 14 per and some dealers felt the spread in the market for some time, and some dealers felt the spread had some dealers felt the spread had some dealers the the only Nor-the appeal as the only Nor-Wergian sovereign paper in the tet allable after five years.

Norway back to market

with \$500m fixed-rate deal

Also in Germany, Hoesch Internetional Finance made a DM 200m 10-year issue with equity warrants and an indi-cated coupon of 2½ per cent. Led by Deutsche Bank, fi carries the guarantee of the parent steelmaker. German bond prices recouped early parent steenmaker. German bond prices recouped early losses to close unchanged. In losses Switzerland, prices were also

Kumagai Gumi, the Japanese

Kumagai Gumi, the Japanese construction group, raised \$100m with e seven-year bonds-with-warrants deal guaranteed by Sumitomo Bank and led by Daiwa Europe. It has an indi-cated 3<sup>‡</sup> per cent coupon. Burlington Industries, the US textile concern, issued \$75m of convertible bonds, led by Kidder Peabody International, with e 15-year maturity, e 7 to 7<sup>‡</sup> per cent indicated coupon and a conversion premium of 22 to 26 per cent.

Inter-dealer audit system agreed

### BY ALEXANDER NICOLL

A GROUP of inter-dealer brokers in the Eurobond markets have agreed in principle to a system of inde-pendent eudits which would ensure that they trade only between dealers, and not with and investors.

appoint a representative who would then be involved in the discussions on exactly how an anditing system would work. between dealers, and not with end-investors. A projosal for independent eudits was put on Friday et s meeting of 120 market-making firms by Mr Stanley Ross, e managing director of Deutsche Bank Capital Markets. It was strongly backed and substituted for a proposai that identities of parties to deals done through Katter the meeting, the new suggestion was outlined to four hroking firms, Gintel, Mabon

Nugent, MKI and Purcell market." He also said that Graham. They agreed in "dealers who suspect us of principle and said they would dealing with end-customers

dealing with end-customers might be disappointed." • The International Primary Market Association, which groups major Eurobond issuing houses, has champed down on lead managers who recruit co-managers on the basis of pre-memory in result of the second pre-memory in the seco agreement to repurchase or reduce underwriting obligareduce underwriting obliga-tions. It has edopted a recom-mendation to its members that the practice is "inappropriate." saying it "may create e mis-leading appearance of broad market ecceptance where in fact the issue may suffer from illiquidity or a concentration of bords."

Rip

### FT INTERNATIONAL BOND SERVICE

Listed

are the 200 latest international bonds for which there is an adequate secondary marker Closing prices on Closing prices on Change	July 14
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TTS Innel Mid Offer for weak Weld OTHER STRANDERTS Innel Bid Offer ber v	47. 13.99 47. 12.64
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	existing debt of DKr 11.3m. One deal that is likely to be repaid early is the \$500m.	Bornstark Kighe, 1102 90 148 1107 1107 90, -04, -05, 816           Domssark Kighe, 1102 92, 200 115 1107, 1107, -04, -05, 816           EDC 55 92	Eilit39'y 25 Ets	
All of these securities having been sold, this announcement appears as a matter of record only.	floating rate note led by Merrill Lynch in 1983 and carrying an interest margin of $\dot{r}_{e}$ per cent over London inter- bank offered rates. This deal could be refinanced more cheaply either through the issue of e new floating-rate note or by berrowing in fixed- rate markets and swapping the proceeds, he said. <b>Rush of issues</b>	EI00 101, 7         200         122         127, 2         -40, 4         53           EI01 101, 79         200         122         120, 127, 2         -40, 4         53         63           EI01 101, 100, 100, 100         200         120, 1100, 100, 4         -40, -40, 4         -40, 4         64         64           Export Dw. Opt. 100, 100, 100, 100, 100, 100, 100, 100	Tables. Forte 8% 71 FFr 400         12012         14012 <th1< td=""><td></td></th1<>	
<b>4,600,000 Shares</b>	in short-term sterling paper By Our Euromarkets Correspondent UNIGATE, the food group, and Dizons, the High Street retailer, both announced	GMAG 28, 23         280 <td< td=""><td>PLOATING RATE Spring Did Offer Cutty Com</td><td></td></td<>	PLOATING RATE Spring Did Offer Cutty Com	
<b>TEXAS AIR CORPORATION</b>	E100m commercial paper pro- grammes yesterday as a new flurry of activity hit the short- term sterling securities market. Separately Chemical Bank said it had been mandated to arrange a £100m certificate of descript memorymums for Tokal	Average price changes on day 8 on week -0% MENTERNET MARK STRAMET MARK	Criticuty 98	
Common Stock	deposit programme for Tokal Bank believed to be the first such sterling facility for a Japanese bank. Unigate said it sold fl2m in one-menth paper under its new programme, at a net cost to itself ranging from Limean (the mean of the bid and	Mill VISENE         MAMK         Change m           STRAAMINTS         Internet         Not. 900, 107, 107, 107, 107, 107, 107, 107, 1	Arezage price changes on day +0.02 on week +0.01. CONVEXTOLE Con. Con. Con.	
	offered rate for sterling deposits) to Limean less 2 hasis points. It has appointed Lloyds Merchant Bank, Nat- West County and Merrill Lynch to act as dealers. Dirons, whose dealers are Barclays, Chase, Citicorp and UBS (Securities), expects to start issuing paper within the next two weeks. It will not seek a rating for its paper, unlike Unigato which has specifically obtained the top Al-P1 rating for its issue	Pintami Rapatific 7 42         280         2805         2805         4805	Pointes         Marke         Pointes         Marke         Pointes           Adjacenation 5 99	
Drexel Burnham Lambert	from Moody's and Staudard & Poors, the two US credit- rating agencies. Mr Stephen Crompton, Unigate group treasurer, said his company was s firm believer in the rating system.	Anne Cap. Corps. 5% 94 300 13004 3004 -04 +04 529	Adics 3 92 DM	4
Kidder, Peabody & Co.	"Ne Al-rated paper has ever defaulted We would have to pay more without the rating," he said. Of the 10 companies to have issued sterling commercial paper so far, only Unigate.	Grysler 33     37     38     787     7	Similable Gendle: The stell is the yield to rederaption of the mid- price; the smooth issued is in millions of currency units succept for Yen books where it is is billions. Change on week-Change over price a week curriller. Flowing Exte Notae: Denominated in doilers unless otherwise indicated. Coupon shown is millionse. Caller-Date next coupon becomes effective. Synad-Hargin shows the snoth offered rates (3 three-snoth; 5 above mean rate) for US dellars. Copo-The	
Merrill Lynch Capital Markets	Redland and PHH, the US transport concern have ratings from both the leading US agencies. The only other rated issue is Reyal Insurance which has e P1-rating from	Table         Marting Str. 54, 94         Marting Str. 1000         O         1.05           World Bank 55, 94	Convertible Bonds Denominated in doitars unless otherwise indicated. Cbg. day-Change on day. Cm. date=First date for conversion into shares. Cm. price=Nonimal amount of bond per share expressed in carrency of chare at conversion rate fland at issue. Prem-Percentage promises of the carrent effective price of acquiring shares via the boat over the stat recent price of the shares.	
Smith Barney, Harris Upham & Co.	Moody's and is awaiting shortly a rating from Standard & Poor's, In a parallel move Unigate is launching e \$30m commer- cial paper programme in its	EIB 64, 94 Province de Queste 6 90	© The Francial Times Ltd., 1986. Reproduction in whole or in part in any form not permitted writinot writing comment. Data supplied by DATASTREAM International. NV; EBC Amro Bink; First Chicago; Coldman Sacks International Corporation; Nambros Bank; IBJ International; Köddar Peabody	
May 1986	own name in the US market. This will replace an early \$60m programme operated with the support of a letter of credit from Barclays which is being wound down,	Ginzentrale; Bangoe Ginzenie du Lucenthourg SA; Bangoe Internationato Lucenthourg; Kredictiank Lucenthourg; Algenenu Bank Nederland 2V; Pierson, Heidring and Pierson; Gredit Salsge Series Gredit Bank; Gank of Tokyo Liternational; Gredit Salsge Gredit Commercial de Prance Clecarities) Landon; Dalwa Europe	International; LTGE International; Mortis (Editor Peabody International; Allico Securities Company (Enropa); Nonzara Inter- sational; Orion Royal Bank; Robert Fleming and Co.; Samuel Montage and Co.; Societe Generate Strants Tambell; Societono Finance International; S. G. Warburg and Co.; Surtes Bank. Corporation International; Wood Gendy.	2

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## **UK COMPANY NEWS**

LARRY TAPP, the head of the biggest management buyout ever seen outside the US, reckons he could set np in business as a consultant. "There are so many people thinking about leveraged buyouts of their own who want my advice," he says.

Nine months ago, Mr Tapp and a team of 110 managers completed the £173m buyout of Lawson Mardon, one of Europe's leading packaging companies, from the multina-tional BAT Industries. Management buyouts were still some-thing of e novelty in the UK, despite such pioneering examples as the £54m National Freight buyout three years before. The pace has since quickened, with both industrial managers and financial institu-tions busily informing themselves on how the process works.

BAT's anction of the company attracted bids from big rivals in the packaging field, including Metal Box and Jefferson Smur-fit. Mardon's existing manage-ment beat the competition, and is now grapping with the con-sequences BAT's anction of the company attracted hids from big rivals in the packaging field, including Metal Box and Jefferson Smur-fit. Mardon's existing manage ment beat the competition, and is now grappling with the con-sequences. Mr Tapp and his colleagues are in no doubt ebout the main priority. "Cash flow," he says. "In o leveraged buyout, if you can't generate cash, it can't happen." Mr Tapp bad decided to go

The cash raised came to a for the whole of Mardon. "With formidable C\$650m (£340m), one jump," Mr Parmalee says, almost wholly from Canadian "he was tripling the scale of sources. Given that Mardon was what he was tripling the scale of the called me in Athens to see if UK-based BAT, the fact that the Boman would back bim." chairman, chief executive and major shareholders of the new group are all Canadian seems to say something about accept-ance of buyouts on this side of the Atlantic

Mr Tapp was previously head of Mardon's Canadian subsidi-ary Lawson and Jones, which accounted for only 27 per cent of Mardon's worldwide sales of just over £600m.

BAT was going to divest. In June and July of 1984, we ran some numbers through on the feasihility of a strictly Lawson & Jones inwout " & Jones buyout."

In January last year, that plan collapsed. Mr John Worlidge, BAT's main board director in charge of Mardon, rang Mr Tapp to tell him the business was to be sold as a single entity entity.

"We were disappointed," Mr Tapp says, "hnt wa still came over to London to talk about it with Lazards, the merchant bank handling the sale. Before doing that, I had contacted some people in Canada to ask for support." "We stalked, to potential

Suchts studies

**Cash lessons** of a £173m buyout

By Tony Jackson

**1** 

Roman would back bim." Roman, which eventually took a 49 per cent stake in the bosi-ness, is a public company. When Mr Tapp came to grips with BAT, this led to a problem. "Wa couldn't let people know Roman was involved." Mr Tapp says. "BAT wanted to know who our equity partners were. I said OK, provided I got a letter from Pat Sheehy (BAT'a chairman), saving it was confi-Mr Larry Tapp of Lawson Mardon: "So many people want my advice"

"At the end of 1983," he dential. I never got the letter, says, "we began to get inklings so we never told them." -on management training con-ferences, for instance-that convincing BAT was going to divert T investors in the UK," Mr Taop says, "but they didn't really know what it was about. Leveraged buyouts were some-thing they'd heard of only in convincing BAT that the con-sortium could come up with tha cash. Mr Tapp had engaged the services of Merrill Lynch, a US context."

the US broking house, and Citithe US broking house, and Cit-bank. acknowledged as one of the North American experts in leveraged buyouts. "I brought the president of Cltibank Canada in to BAT to tell them the casb was there." Mr Tapp says. "That gave us credibility."

In the UK as in Canada, a the UK end of the company, leveraged buyout on this scale says: "Initially, all our borrow-was a novelty. Mr Tapp brought ing was variable rate. Any man-45 of Mardon'a UK managers agement buyout is vulnerable into the buyout, to add to the to a rise in interest rates, and 65 ba had marshalled in North America. UK investors, though "We were disappointed," Mr Tapp says, "hnt wa still came over to London to talk about it with Lazards, the merchant bank handling the sale. Before doing that, I had contacted some people in Canada to ask were a different matter. In the UK as in Canada, a the UK end of the company, says: "Initially, all our borrow-ing was variable rate. Any man-agement buyout is vulnerable to a rise in interest rates, and America. UK investors, though, some people in Canada to ask were a different matter. Next came the question of

Once tha deal was through,

paid off or converted into aquity and fixed rate debt.

the debt down. This meant, Mr Webber says, working within lighter financial constraints — 'and BAT wasn't loose by any standards."

Mr Topp is quite clear on where the extra tightness comes "When you've got 110 from. people wbo've borrowed and mortgaged everything to buy stock, it focuses their attention. My secretary knows about cash flow these days, and we of spend a lot of time understanding the components of working capital and which levers to pull."

As another way of reducing debt, several bits of the busi-ness have already been sold off —one, suitably enough, to yet another management buyout. Mr Webber says: "You have to get rid of the peripheral bits. When your capital resource is scarce, you do not want to spread it too thinly. You have to concentrate it in businesses which will generate good profits growth.'

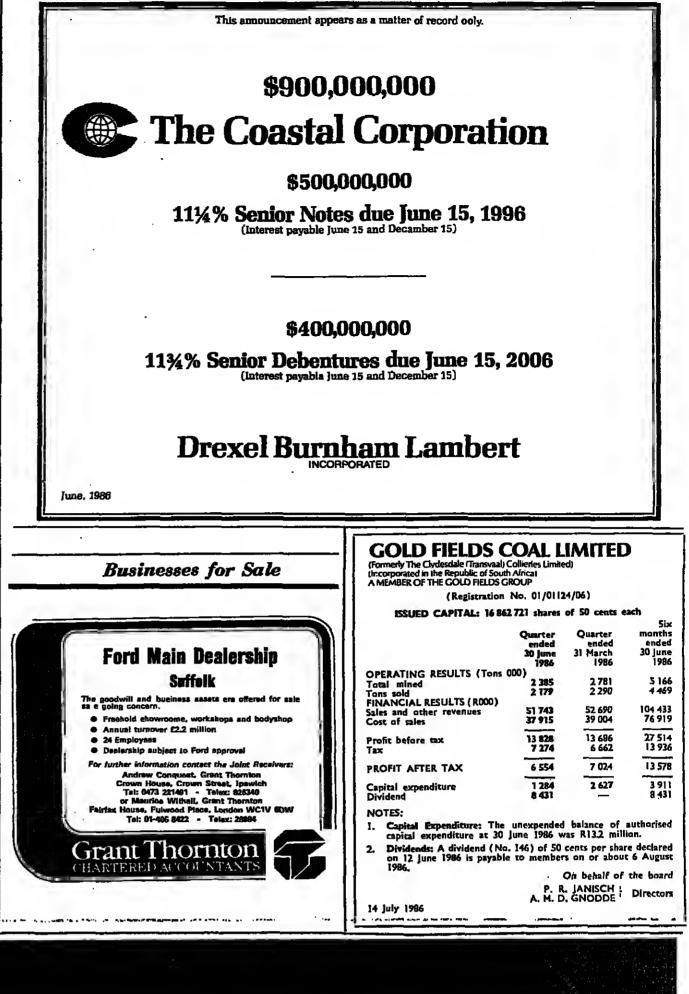
Scope for squeezing cash out of the business was limited by the previous efficiency of the BAT regime. "There was not a layer of overheads we could take out," Mr Webber says. "Any services we had from BAT we paid for, and if we did not like them we turned them down."

In any case, cash generation in any case, cash generation is not the only objective, merely the most pressing at this early stage. Beyond that lies a separate objective — bringing Lawson Mardon to the stock market. As Mr Webber says: "To go public it's not enough just to screw down on cashyou need a track record on profits, and you hava to build a case for that record continua case for that record continu-ing. That means not just a good portfolio of husinesses, but good new products in the pipe-line."

Mr Tapp and Mr Parmalee concede that the question of flotation is a delicate one. "My objective is to have the balance sheet in shape by 1988," Mr Tapp says, "hut going public depends totally on the market. We may be ready in 1988, and the market not."

there was an immadiate concen-tration on the debt mountain, and ways of reducing and rescheduling it. Of the C\$650m handed over at the end of last August, \$200m has already been naid Mr Parmalee says: "It's a question of when it becomes sensible to widen the equity hase. For Roman Corporation, there isn't any urgency to sell. I don't think any of the major investors went into this for a quick flip—there would have been easier things to do."

All that, in any case, is two



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Ladies and Gentlemen. Welcome aboard this British Caledonian flight to London Gatwick from Amsterdam. (Or from Brussels, Frankfurt, Geneva, Genoa and Paris.)

You will note, that instead of ordinary china, we shall be serving you a meal on Wedgwood fine bone china.

You will also note other differences in your Executive Class flight with us. Being an independent airline, as opposed to government owned, means that we can never afford to relax. You will therefore appreciate that we will do our utmost to make your flight more enjoyable. You may, at first, be surprised how our cabin staff seem to anticipate your every demand. And take great pleasure in doing so.

But we are confident that you will enjoy the sensation of being treated as an important individual rather than a seat-number.

Finally, on landing, we would like to remind Executive Class passengers to remove all their personal articles. But please leave our Wedgwood behind. British Caledonian Airways We never forget you have a choice.

## **UK COMPANY NEWS**

Greene

King at

a record

£11.27m

# **Coloroll wins battle for Potteries**

#### BY DAVID GOODHART

Coloroll, the acquisitive home Staffordshire share capital for compliained of the domineer-£13.8m it first bid for last March.

Coloroll won agreement from the Staffordshire board after a has certainly squeezed a marked improvement to its significant increase out of marked improvement to its "final" offer o flast April and also yesterdsy announced s onefor-four rights issue to raise £12.9m.

The offer of four new Coloroll tive was 154p. shares for every five Stafford-shire values each Staffordshire share st about 158p and the wbole compsny at f15.1m. However, after the last hid attempt. Coloroli was left with about 48.5 per cent of the

furnishings group, has finally which it paid an average of ing attitude of Coloroll's won control of Staffordshire 143p a share—the total cost of senior managers. Potteries, the ceramics company winning control was therefore Although Coloroll—a fast-Although Coloroll—a fast-growing and popular company —had heen expected to win Nevertheless, Staffordshire control after the offer was in-

creased in April the Staffordshire board just managed to hold them off. Subsequently Coloroll made Coloroll. The final offer in April valued each share at about 135p and the cash alternative was 133p. Yesterday's cash alternaclear it was not going to give up easily and as well as con-tinuing to buy Staffordshire

Laura Ashley ADR facility

The earlier stages of the bid shares acquired one of its main The earlier stages of the bid shares acquired one of its main 7.8m shares from the rights were surrounded in acrimony. rivals in the ceramics field, issue and the 4m that may be Coloroll sppeared to have won Biltons, for £5.1m. agreement from Stsfordshire Mr John Ashcroft, the set take-over. agreement from March only Coloroll chairman, said yester-to its first hid in March only Coloroll chairman, said yester-for that deal to fall apart when day: "I think Staffordshire 201p, Staffordshire rose 10p to some of the Staffordshire board finally realised we were serious 153p.

about ceramics after the Biltons acquisition." He added that-despite the bad feeling in the early part of the battle-he was looking forward to working with all the Staffordshire staff.

Coloroll has already received irrevocable undertakings from enough Staffordshire share-holders to take its holding to over 50 per cent.

DESPITE POOR weather earlier this year, Greene King & Sons, the Suffolk-based brewer, saw sales volumes of most of its draught boers improve durding the 53 weeks ended May 4, 1986. As a result, profits for the period rose to a record £11.27m pre-tax, an improve-ment of £1.62m over the 1984-1985 figures which covered 52 weeks. over 50 per cent. The Coloroll share capital is being expanded by over one-third taking into account the 7.8m shares from the rights issue and the 4m that may be issued for the latest take over.

52 weeks. Sales volume increases for both IPA bitter and Abbot Ale, the group's best selling hrands, were particularly marked and the Harp and Kronenbourg lager ranges continued to sell well.

confirmed the confidence they have in the 25 per cent



shareholding in the Harp Lager Company. They pointed out that the volume of beer sold by the group was slightly higher on a 52-week basis than in the

## **TV-am share** sale made £7m for Utd. News.

sheet on December 31 at about £3.6m.

Now, Montenay, a large main-temance group and subsidiary of Compagnie des Eaur, is in effect waging a battle with Kone over Biddle's lift business. Myson only wants the beating static order of the Kone bid. Myson only wants the beating static the proposed sale of the Yet Kone has agreed to sell it to My Anthony Biddle, a Biddle rose Sp to close at 178p. - - - centres.

# United Leasing rights as profits decline to £4.4m

held.

#### BY RICHARD TOMKINS

United Leasing, the computer leasing company which two weeks ago warned of a shortfall in profits for the ysar to last March, yesterday reported 54.4m pre-tax against 55.3m the DESPTTE POOR weather in the last quarter. The rights issue is of £8.57m nominal of 94 per cent convert-ible subordinated nnsecured loan stock 1998-2001 at par in the proportion of £6 nominal for every 10 ordinary shares year before and announced an £8.2m rights issue to finance

expansion. The out-turn compared with profits of £7m to £7.5m which the City had predicted at the the City had predicted at the interim stage. Group turnover rose from £176.3m to £242.4m, hnt United's chairman, Mr Parry Mitchell, said profits hod been hit by e lower-than-expected contribution from Unilease Computer Corporation, United's UIS off-shoat. US offshoot. Deliveries in the last three months of the financial year-

Mr Mitchell Said Unitease had made particularly heavy cash demands on the group and options were being studied for the subsidiary's future. The possibilities included some form of joint venture, an inde-pendent flotting or disposal months of the financial year-normally United's best trading period—were hit by delays caused by new product and pricing announcements from IBM in February. However, the delayed deli-veries had now been completed pendent flotation, or disposal of the group's controlling interest.

For the current year, Mr Mitchell said the fundamental business and structure of and had contributed to a parti-cularly strong first quarter in United Leasing were sound and that the group was in e much the current year, Mr Mitchell more favourable position DOW said. than it was et the same time

Losses of £1.4m were incurred by United Business Systems, the UK microcomputer distribu-tion company, but these were predicted et the interim stage last year. The rights issue is under-written by Barclays de Zoete Wedd and Henry Ansbacher,

## **Ellis & Everard rises** 6% after exports boost

WITH THE UK merchanting cal merchanting showing modest WITH THE UK merchanting cal merchanting showing modest activities remaining the back-improvement and is looking to bone of the Klits & Everard chemical group, and the exports market, the US operations have division enjoying an excellent werket, the US operations have division enjoying an excellent year, pre-tax profits for the year ended April 30 1986 rose by 6 fully completed its earn out but per cent, from £3.52m to £3.73m. at Prillaman there could be Earnings advanced from 11.4p to 14.2p, Adjusting for e scrip issue, the dividend is raised to 8.5p net (5.81p), with e final of by an increase in insurance pre-to. For the sixth successive year minms, post Bhopal, up to

4p, For the sixth successive year minnes, post Bhopel, up to e one-for-10 scrip issue will be \$800,000 from \$250,000 in 1984-

made. Turnover in the year went Sim this year. For 1985.87 the up from £88.3m to £91.9m. Cost of sales, distribution and suggests another largely pedes-administration expenses all trian performance as £1.5m showed increases, while the should come from Cargo Fleet Changing and come from Cargo Fleet Should come from Cargo Fleet up from £88.3m to £91.9m. Cost of sales, distribution and suggests another largely pedes-administration expenses all trian performance as £1.5m showed increases, while the should come from Cargo Fleet net interest payable was cut. In the US, American Indus-trial Chemical Corporation traded strongly against the background of falling chemi-cal prices, although the weaker dollar resulted in a lower, ster-ling contribution.

times- to live comfortably in the shadow of IGI (largest supplier, customer and share-holder) and the lack of excite-Prillaman opened a new depot at Charlotta, North Carolina, which got off to a successful start. Tax took £1.36m (£1.81m) and minorities £51.000 ment over the shares, 204p unchanged, perhaps reflects

and Mr Mitchell said the subsi- with Phillips & Drew as diary had begun to break even hrokers.

#### e comment

Neither United's rights issue nor the form it took cams as any surprise. With gearing around the 90 per cent level there was o limit to how much more credit it could find to finance any further expansion nore credit it could find to held. The issue will raise f6.2m net, of which about £4m will be ploughed into financing the ex-pansion of Unilease Computer. The rest will used for the development of the UK and European activities. Mr Mitchell said Unilease had made particularly heavy cash demands on the group and options were being studied for the subsidiary's future. The possibilities included some hard to imagine them taking on more stock bowever ottrac-tive the terms. On United's fundamental trading, the fundamental trading, the doubling of residuals to f12m does not increase confidence but most attention is centred on most attention is centred on the group's plans to hive off part of its US husiness. The most likely scenario appears to be a joint venture with a US bank, a move which could re-lease cash enough to support United's thesis that the value put on the whole severely underretes its parts.

Textured

## Jersey hits £1.1m

Textured Jersey continued to progress during the second half of the 1985-86 year and for the 12 months raised its profits from £855,000 to £1.11m pre-tax.

The dividend is being stepped

The dividend is being stepped np by 1p to 6p net, the final heing 3.75p. Demand for knitted fabrics, particularly those incorporating cotton, continued to grow and the company responded by building a major extension to its riverside deshouse in its riverside dyehouse ln Leicester.

Additional plant and equip-ment will also be installed in the coming months.

The coming months. The directors pointed ont, however, that Textured Jersey was unlikely to benefit from any increase in production or sales until the final quarter of

the current year. The past year (to April 30 1986) saw turnover improve from £15.72m to £17.48m and gross profits by £533,000 to £1.97m.

Tax accounted for £433,000 (£315,000) and left earnings per 10p share at 17.57p, against a ious 13.49

5.3 ē 10.1 10. 5.4 e. 4.9 0.1 17.7 18.4 17.7 18.4 9.8 0.1 12.2 7.3 9.8 0.1 12.2 7.3 9.8 0.1 12.2 17.6 0.5 20.9 18.2 17.0 0.5 8.5 0.7 18.0 0.5 8.5 0.7 18.0 0.5 8.5 0.7 18.0 0.5 8.5 0.7 18.0 0.5 8.5

## Approaches to some United **Real members**

#### By Charles Batchelor

United Real Property Trust the property investment and development company, said some of its shareholders had received approaches to sell their shares which might lesd to an offer being made for the entire

company. United's shares rose 15p yes-terday to 840p, to value the group ot £100.8m.

It made s virtually unchanged pre-tax profit of £2.57m in the six months ended October 1885. United owns offices in London, Birmingbam and

London, Birmingbam and Sydney, Australia. The company's main share-holders are Samadar Holdings SA (51 per cent), representing the holding of the former chair-man Mr Maurice Wohl; L. A. Wheeler, I. R. A. McCallum and P. G. Brown jointly as trustees (13 per cent); and the Co-opera-tive Insurance Society with tive Insurance Society with 10 per cept.

#### Questel

First-half pre-tax profits up from £335,000 to £459,000 are reported by Questel, the USM designer and maker of telecommunication systems. For the half year to end April, turnover rose to £1.73m (£im). Earnings were 8.4p (4.5p) and there is an interim dividend of 2.2p net. Last year there was a single payment of 2.2p.

Hampson Industries has contracted to huy for a maximum 3898,836 (£592,704) cash between 93 and 94.6 per cent of L S. Parts loternational, a New Jersey based maker and distributor of machinery parts to the glass container industry.

Myson, the UK hesting and director and son of the chair-ventilistion engineer, has raised man. its offer for Biddle Heldings, The proposed sale by Kone to the lifts and heating group, to Biddle interests (who control e 57.4m with the support of e combined 54.8 per cent of the French company French company. Myson has egreed to offer Montenay SA of France an option to buy Biddle's lift subsidiary, Bennie. The agreement depends on Myson's offer going unconditional The Biddle battle between Kone and Myson has flared for the past six weeks. Earlier this month Kone matched Myson's £6.8m offer. Now, Montenay, a large main-

**SY LIONEL BARBER** 

BY CHARLES BATCHELOR

The company, which obtained a full London stock market list-

lifts terms for Biddle

ing last November, is believed to he the first British group to list its shares in ADR form since the British government pro-but later reduced to 1} per cent on ARDs. Lown ArDs, and have a place of transfer in the the over-the-counter (Nasdaq) US. This is provided by the bank issuing the ADRs. The ADR will re-issuing the ADRs. The ADR will re-depositary agent is irving Trust About 600 non-US companies form include Philips Lamps, have their shares listed in ADR Glazo Nissan and Reuters Laura Ashley already has form. ADRs are priced in Holdings.

Laura Ashley, the fashion about 1,000 US shareholders, and design group, has estab-lished an American Depositary win more private US share-it easier for private US investors to deal in its shares. **Laura Ashley**, the fashion about 1,000 US shareholders, mainly institutions but wants to shares in overseas company. They allow non-US companies to comply with regulations re-quiring foreign companies win more private US share-holders, Mr Peter Phillips, finance director, said. The com-pany makes 42 per cent of its its and bas more than 90 outlets in the US to comply with regulations re-quiring foreign companies which want their share traded on o US Stock Exchange to in the US. The ADRs will be traded on have e place of transfer in the US. This is provided by the bank ing last November, is believed

Myson strikes deal and

United Newspapers said yesterday that the sale of its holding of 11m shares in TV-am in last week's flotation had produced an increase in net assets of about 57.2m, after pro-Biddle interests (who control e comhined 54.8 per cent of the company) is subject to approval by Biddle shareholders at a meeting on Friday this week.

viding for an estimated firm tax itability. The shares were sold at 130p a share, raising f13.9m after expenses but before capital Myson advisers, Morgan Grenfell, are offering 185p cash on behalf of Myson for every ordinary share in Biddle. The gains tax. The shares were represented in United's balance preference offer is subject to the offer going moonditional

Some members of the Biddle family have agreed to sell their shares to Hambros Bank, Kone's adviser, for 160p per share. Hambros will vote these chares in fevour of the Kone bid. Rank deal approved

The Government has decided, in accordance with the advice of the Office of Fair Trading, not

a 52-week mans than in the previous year, compared with a fall in beer sales nationally. Turnover for the 53 weeks pushed ahead to £90.16m (£80.23m). Tax accounted for £3.91m (£3.72m) and left net profits at 57.26m compared

profits at £7.36m, compared with a previous £5.93m,

Earnings worked through at 17.7p (14.3p) and a final dividend of 3.39p (3.33p) raises the total from 4.87p to 5.6p net per 25p share.

Available carnings emerged at £7.96m (£8.35a) after taking in minorities this time of £13,900 and extraordinary credits of £583,000 against £2.42m last time,

At year-end, the group's balance sheet was described as strong. The directors were planning capital expenditure of £10m in the current year. The Butterfly Hotels joint venture is carrently building premises at Bury St Edmunds and King's Lynn.

• comment Stripping free an extra week, Greene King's profits rose by 141 per cent last year. That

# The directors said that this



30

Financial Times Tuesday July 15 1986



# **BET Public Limited Company**

## £150,000,000

## Sterling Commercial Paper Programme

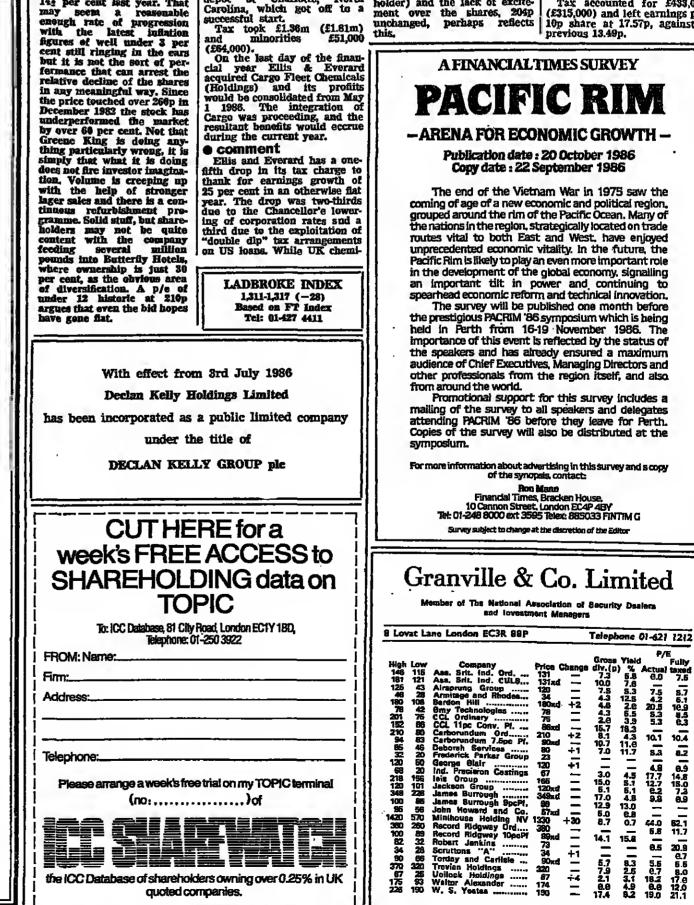
## Arranged by Samuel Montagu & Co. Limited

Dealers

## Goldman Sachs International Corp. Samuel Montagu & Co. Limited

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July 1986



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£400,000,000

**Acceptance Credit and Loan Standby Facility** 

and

# **£400,000,000**

**Multi-Option Tender Panel Facility for** 

CLUB 24 LIMITED

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BARCLAYS de ZOETE WEDD

Participants in Standby Facility

Bankers Trust Company

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Algemene Bank Nederland N.V., London Office Amsterdam-Rotterdam Bank N.V. Bank of Ireland The Bank of Nova Scotia Berliner Bank AG, London Branch Canadian Imperial Bank Group Central Trustee Savings Bank Limited Credit Lyonnais, London Branch The Long-Term Credit Bank of Japan, Limited, London Branch Manufacturers Hanover Trust Company Swiss Bank Corporation Westpac Banking Corporation

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July 1986

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## **UK COMPANY NEWS**

# **Cookson invests £40m** in US ceramics venture

rings at \$1.2m.

#### BY LIONEL BARBER

Cookson the industrial chemi- molten steel in the continuous (239m) in cash, buying a 50 Some three per cent stake in a major US Vestving's sales specialist ceramics manufac US. The group

threr. Cookson has entered a joint venture with Georgetewn Indus-tries, a private steel producer based in Charlotte, North Carolina, to buy Vesuvius Crucible, a privately owned company based in Pittsburgh. Each of the prospective owners will provide an equal amount of capital to the joint company, but after June 1989

amount of capital to the joint company, but after June 1989 Cookson has an option to buy out Georgetown's interest. The price will be the same as that paid by Georgotown, adjusted for any increase in Vesuvius's shareholdors' funds at the date of the option being exercised.

Hanson fixes

Imps placing

Hanson Trust has completed the international placing of 75m shares it launched earlier this

month in connection with its recent takeover of Imperial

Group. The company announced yesterday that the offering price

at 180p

exercised. Vesuvius specialises in mak-ing high performance caramic refractories for use in the pro-tection and flow control of

Mr Ian Butler, Cookson chair man, described Vesuvius as a world leador in specialist refractory products which account for 70 per cent of its sties. Other interests include three-quarters Vesuvius's sales are outside the US. The group employs 1,100 est file group employs 1,100 people at three plants in the US and five in Europe located in Scotland, Belgium, France, West Germany and Haly. clay graphite cruciblo products slide gate mechanisms and fused silica products.

In 1985, Vesuvius made \$14.2m profits before tax. For the five months to May 1986, unaudited figures show pre-tax profits rising to \$8m. Share-bolders' funds at the end of Mr Butler said that stee manufacturers outside and South Korea had still to convert to the more efficient continuous casting process. Vesuvious's expertise offered Cookson a chance to occupy a strong competitive position in a niche growth market, he 1985 stood at \$67.2m and bor-

Cookson, formally known as said.

Cookson, formally known as Less Industries, made £57.6m pretar profits on £867.3m in 1985. In the past two years it has recovered strongly. The group uses such recondite raw materials as rutile, llaminate Last year, Cookson paid \$45m for Frank Horsell, a privately owned lithographic plate maker soon after Horsell announced plans for a Stock Exchange listing. Last May, it paid £14m for Leyland Metal, and zircon, while end products range from lithographic plates to pewter tankards and pottery one of the UK's largest re-cyclers of aluminium.

## NatWest US rises 22% BY WILLIAM HALL IN NEW YORK

National Westminster Bank USA, the American subsidiary of the National Westminste of the National Westminster Bank Group, increased its first quarter net income by 22 per cent to a record US\$17.4m (£11.8m) and reported that its assets had risen by 17 per cent to \$10.4bn over tho past year. Mr William T. Knowles, NatWest US's chief executive, stid that the record exercises Natwest US's chief executive, said that the record earnings reflected "strong gains in the bank's domestic markets result-ing in increased loans, core deposits and fee income, accom-panied by continued improve-ment in the bank's asset quality." It increased its provi-sion for loan losses by \$4.2m to \$15.7m, and noted that its allow-

## Hallite falls to £0.6m

at Hallite increased from 6436,000 to 5571,000, but figures for the full year to May 3 1985 were down from £701,000 to £617,000. The second half performance had encouraged the board to

recommend an increase of 1p to 7p net in the final dividend for a total of 10p (9p). Steted earn-ings per 50p share were down from 15.8p to 11.2p on a bet basis, and from 14.1p to 13.4p on First-half profits were down from £285,000 to just \$46,000 and Mr J. Gordon, the chair-man, said in his interim report a mil basis,

**Revitalised Ratners** doubled at £4.3m

IN LINE with estimates made in April at the time of its 58.9m rights issue, Ramers (Jewel-lers) yesterday reported vesterday reported pre-tax profits of lers) yesterus, profits a doubled pre-tax profits a £428m for the year ended April 6 1986, Turnover, as fore-shadowed, reached £44.84m, grinst £32.31m.

Mr Gerald Ratner, the chief executive said the results reflected the benefits of having revitalised the Ratners trading formula.

The extension of its product range to popular priced jewel-lery, accompanied by an aggres-oive sales approach, bad en-abled the group to increase sales per shop substantially. Last May, Ratners announced an agreed £150m merger with H. Samuel, another High Street jeweller, and Mr Ratner said yesterday he looked forward with confidence to the success of the enlarged Ratners group. In the current year, sales The extension of its product

In the current year, sales had moved ahead significantly and margins had been main-tained throughout the group. Terry's was trading above expectations and a steadily increased contribution was expected as this part of the group expanded from its south-

east base. The H. Samuel acquisition had increased the number of group outlets from 152 at April

the purpose of conside Official instruction

Mr Ratner said that from this substantial base, the company aimed to increase its share of the total retail jewellery mar-

As forecast, there is a final dividend of 0.75p net making a total for the year of 3p (2.5p). Stated earnings per 10p share advanced from 4.44p to 8.91p.

comment

The Ratners success is built round a shift towards feshion round a shift towards feation jewellery and away from the more expensive so-called "in-vestment" jewellery. The aim is to sell to a public more interested in looking like Madonna than like Elizabeth Taylor. Gerald Ratner believes he can work the same trans-formation on H. Samuel and take market share from comtake market share from com-petitors rather than from Rat-ners stores. This year, merely by oliminating the loss-making first quarter, H. Samuel should add £8m for its nine months contribution. Extra shop open-ings should pash the Ratners and Terrys contribution to £7m, assuming only modest volume growth. The final figure de-pends on how much the financ-ing costs of the £30m merger can be reduced by the sale and leaseback of H. Samuel sites. It seems likely that Ratner will act quickly to reduce the debt take market share from act quickly to reduce the debt mountain and assuming financing costs are cut to fim, pre-tax profits of film look prob-able. On a tax charge of 25 per cent, the shares at 173p are on a p/e of 17-wait and

#### BOARD MEETINGS

filed	FUTURE DATES	
toek	Interime:	
vi(a)	Bollough July Eurotherm International July Lows (Robert H.) July Macallan-Giantivet	2
rieg	Eurotherm International July	1
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nda	Macallan-Gianlivat	2
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Leisure, Jack L Tublook, Wyke

#### **DIVIDENDS** ANNOUNCED

	ment	Date of si payment	Corre- ponding div.	Total for year	Total last year
House	4.91	Oct 1	4.25	7.9	7
ang Electint	1.35‡	Aug 20	1.25	_	3.7
e Dewint	2.3	Sept 26	2.3	-	6
& Everard	4	-	3.64*	6.5	5.91*
int	1.04	Sept 25	0.94		3.22
e King	3.89	-	3.35	5.6	4.87
	7	Oct 1	6	10	9
ton Trust	. 0.651	·Oct 1	· p.0.35	re Inder	0,7
el int		Oct 8		_	22
	0.75f	Oct 15	1.82	. <b>.</b> .	2.5
S Inti	1.65	Oct 17	1.4	2.5	2
red Jersey '		Oct 1	3.25	6	2 5 3.6
Tespine	25	Oct S	22		36

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£5.7m in pre-tax profit. And there are more additions to come. For more details of our performance to date and for our 1986 Report and Accounts

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t appears as a matter of record only. July 1986

## **YK** Royal Bank **7**K Leasing Ltd

£50,000,000 Acceptance Credit Facility with Tender Panel arranged by yesterday that the offering price had been fixed at 1809 — Hanson's share price just before the close of Stock Exchange business yesterday — giving the placing a value of £135m. The shares are part of a 106m block held by an invest-ment company associate of Hanson which bought Imperial shares during the bid and then received Hanson shares in received Hanson shares in return for the Imperial ones.

John Haggas ends talks with Bulmer

John Haggas, a spinner of wools and synthetic yarns, bas ended informal talks which were intended to lead to it making an offer for Bulmer & Lumb (Holdings), a wearing, knitting and dyeing group. Haggas said it had no inten-tion of bidding for Bulmer, which last month reported almost halved profits of £914,000 in the wear ended April 1986. SECOND-HALF pre-tax profits impact on group results.

in the year ended April 1986, dne partly to a fire which

ance for loan losses is now equivalent to 94 per cent of non-accrual loans-among the highest for money centre banks. 6, 1985 to 550. A further 40 openings of Ratners and Terry's shops, funded from the rights issue proceeds, would take the total number of outlets to around 600, prior to the Christ-mas season Net interest income rose 11 per cent to \$92m, reflecting increased earning assets and a reduced level of non-accrual loans. Loans, principally in the bank's middle market and con-sumer portfolios, increased by \$1bm in the first half of 1986 compared with a year ago. Other income rose 17 per cent to \$22.7m, and sales of invest-ment securities generated gains of \$4m in the second quartor of 1986, compared with \$5.2m. Equity capital increased to \$586m at the end of June (\$527m). Net interest income rose 11 per cent to \$92m, reflecting mas sea

The following area of board schange, Such held for the p dividende. Office available 22 to

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## **UK COMPANY NEWS**

# **Crown House forecast** beater with £7.2m profit

BOTH MAIN trading disions -tableware and engineering services contributed mards a film protax profit incase at Crown House for te year ended March 31 196. The dividend is lifted fro 7p to

dividend is lifted frm 7p to 7.9p net. The group yestiday an-nounced a profit ( \$7.16m. This compares with not less than \$6.8m forecas with the December rights isst and with \$6.16m achieved \$1984.85. The final divided is 4.9p, against 4.75p inlicated in December.

In tableware, knover rase 17 per cent to 54.79m and profit by 21 per cent to £2.78m, while turnover b engineering advanced 24 per ant to £147m and profit by Sper cent to 54.29m. Turnove attributable to the UK stayedt 77 per cent, but North Ameica improved from 8 to 13 pr cent. Mr. Patrick ScePartington

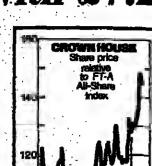
from 8 to 13 pr cent. Mr Patrick Sige-Partington, chairman, sait he demand for group engineding services, particularly in K contracting, was at an unrecedented level though conditions remained fibrecely compative. Neverthe-less, he said that was a most encouraging feture of the present market scene. Demand for inhieware was slack in some areas of the home business, partil due to the reduction in the number of overseas visitor. He was opti-mistic that he important Christmas perfit would see a high demand ff gift and table-ware products.

overseas contracting operations; also, a £1.2m extraordinary pro-vision had been made in addition to the £1.5m provided in the 1984-85 accounts. ware products Unless any deptional oppor-tunity should rise to make an acquisition, th board intended tunity should rise to make an All the group's operations in acquisition, th board intended South Africa had been sold. Since the year end all work in organic means the immediate Egypt and the United Arab

## ISSUE NEWS

## Sandel Perkins to go for full liting

Singute Diryon and the second second



80 1981 82 83 84 85 86

At the half year, the decision was reported to withdraw from

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man reported,

Emirates finished and the remaining work in Trinidad and Oman would be completed shortly. Closure operation costs could not be calculated, but it was considered unnecessary to make further provisions in the 1985-86 accounts above the £2.7m provided to date.

• comment

The petrol forecourt war, give-away glasses and so on, held Crown House's bottom of tho range tableware sales last year. Clearly: "There's rubbish that sells and rubbish that don't and some you can only give away " to quote one industry analyst. Nevertheless operating profits were np a fifth. There was also some fairly free speeding—gone already are the £5.6m net pro-ceeds of December's rights issue

ceeds of December's rights issue plus another £6m in cash to leave the group Sently Seared (17 per cent) as opposed to the £2.5m uet cash of a year ago. The earnings growth for 1985-86 is only minimally affected by the late in the financial year rights move. However, Crown now has quite a lot to do on its expanded capital to avoid the annearance of standing still. future. Overall, prospects looked encouraging, the chair-Group turnover in the year came to £202.3m (£166.5m) and came to £202.3m (£166.5m) and operating profit to £7.6m (£6.2m). Net interest paid was £442,000 (£134,000). After tax £3.4m (£3.2m) and minorities £718,000 (£196,000) the net profit was £4.51m (£3.19m) for earnings of 17.7p (12.9p). its expanded capital to avoid the appearance of standing still. On the engineering front, 1985-86 has seen the end of overseas work and demand, but not marging, is strong at home. The Georgo Butler acquisition, which has absorbed the major part of 1985-86's £12m cash con-munition should only wach its

sumption, should only wash its face this year and it will be 1987-88 before any sizeable con-tribution can be expected. On forecasts of £7.8m the shares, up 2p to 222p against a falling market, look comfortable on a

prospectivo multiple of almost

## Hughes Food joins the USM via a £3m placing

## Abaco paying £5m for estate agent

## By Charles Batchelor

Abaco Investments, the acquisitive financial services company in which British & Commonwealth Holdings has

Commonwealth Holdings has a 21 per cent stake, is paying £5.32m for Messenger May Baberstock, a chartered surveyor and estate agent. Messenger has 10 offices in Surrey and Hampshire employing 198 staff and with 1983 turnover of £2.5m. It produced £541,000 of net profit available for distribu-tiou to partners last year and made a pre-tax profit of made a pretax profit of £303,000. Further substantial profit growth is expected this

This is Abace's fourth acquisition in 1986 and comes less than a month after it bought Toplis and Harding

Group, an insurance loss adjuster, for £12.2m. In February Abacs made its first movo into the estate agency business when it paid £6.2m for Bridgers, which had 25 officer covering up tree 66.2m for Bridgers, which had 25 offices covering an area adjoining that of Messenger. Abaco has been acquiring professional partnerships across a broad range of financial services ovor the past three years. In 1983 it was created from Greencoal Descention which was trans-Properties, which was trans-formed by the injection of Brown Goldie, a finance and Investment company run by Mr Peter Golding and Mr Cameron Brown, two former encentives with Guinness

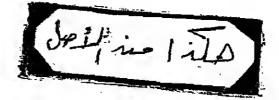
encentives with Gainness Mahon. Messenger and Bridgers will provide orticits for the mortgage broking services offered by John Charcel, an early Abace acquisition and for other financial services provided by the group. Messenger specialised in the country house market while Bridgers tends to handle less expensivo proper-ties. Messenger also has a commercial department, a professional department, professional department handling surveys and valua-tions and an antique and fine art saleroom in Godalmnne art saleroom in Godalm-ing which generated 1985 foo income of \$479,006. Abace will pay \$4.92m in cash and issue \$53,400 new shares to Messenger on com-pletion of the deal

pletion of the deal. Abaco's shares fell 5p to 83p

sterday.

Denmans reduction After a satisfactory opening quarter, the 1985-36 year is proving difficult for USM gasted Demmans Electrical wholesaling group, and shart-holders are being warned of a drop in the year's profit on the previous film,

The first half, to March 31. 1986, saw pre-tax profit fall by 10 per cent, from £492,000



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addro	ess of Financial Consultant
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1986 Merrill Lunch, Pierce, Renner & Smith Inc. Member SIPC.

(As defined with the state of the state o	ER INCREA MPER SALI	SE IN	The interim dividend is fited to 1.35p (1.25p) net.	Guaranteed by Unigate PLC £100,000,000 Sterling Commercial Paper Programme Ratings Standard & Poor's Corporation A-1	Guaranteed by Unigate PLC US \$30,000,000 Commercial Paper Programme Ratings Standard & Poor's Corporation A-J
RESULTS I	N RECORD LES UP UP 25.7% X PROFIT UP 18 S PER SHARE U	PROF 6 ◀ 8.7% ◀		Moody's Investors Service P-1 Dealers County NatWest Capital Markets Lloyds Merchant Bank Limited Merrill Lynch Capital Markets Issue and Paying Agent Lloyds Merchant Bank Limited	Moody's Investors Service P-1 Dealer Merrill Lynch Capital Markets Issue and Paying Agent Manufacturers Hanover Trust Company
Yer to 31st March	1983 1984	1985 £39.2m	1986 649.3m		
Yar to 31st March	1983 1984 £24.4m £28.6m £1.20m £1.56m	£39.2m			Americ Doml
Yer to 31st March	£24.4m £28.6m	£39.2m £1.91m	£49.3m		Amro Bank
ar to 31st March ales re-tax profit	£24.4m £28.6m £1.20m £1.56m	£39.2m £1.91m	£49.3m £2.27m	ANGLIA BUILDING SOCIETY.	Amsterdam-Rotterdam Bank

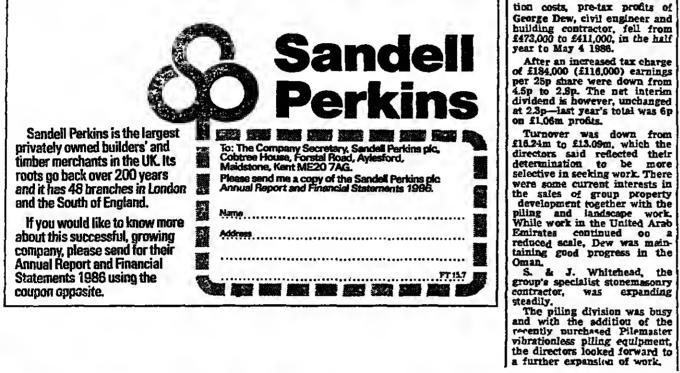
## **UK COMPANY NEWS**

ANNUAL RESULTS SANDELL PERKINS PLC

# "Another year of excellent progress"

Tim Parkins, Chairman

Year end 31 March	1986	1985
Turnover up 18%	£92.7m	£78.3m
Pre-tax Profit up 19%	£6.9m	£5.8m
Earnings per share up 10%	<b>16.3</b> p	14.8p
Dividend up 32%	5.0p	3.8p



## engineering, 100d processing and distribution, is stepping np its involvement in financial services by buying R. L. Stott, an Isle of Man private client stockbroker, and R. J. Temple, one of the UK's biggest invest-ment advice and financial plan-ning companies Sale Tilney is paying £3.35m for R. L. Stott, made up of £2.68m cash and £670,000 from the issue of 262,225 new ordi-nary 25p shares in the group. Stott was founded in 1682 and has been controlled by the Stott family for about 50 years. It made a pre-tax profit of £490,000 in the year to March 27, when It The group, where pre-tax pro-fits jumped by 32 per cent to 54.Im in 1985, already includes an insurance underwriting agency, a Lloyd's broker and a Swiss fund management ceased trading as a partnership and was incorporated as a

organisation."

company. company. Mr Richard King, Sale With a private client base of Tilney's chairman, said the about 2,500, it has specialised in latest acquisitions reflected investment advice to UK and latest acquisitions reflected investment advice to UK and "the general trend towards pro- foreign expatriates.

Sale Tilney, engaged in viding a comprehensive finan- Mr Dursley Stott, the former remainder in the issue of new engineering, food processing cial service within the same senior partner, said he had been Sale Tilney ordinary shares. A

senior partner, said he had been looking for opportunities to further consideration will be exploit markets outside the payable if this year R.J. Isle of Man, and had been approached by a number of financial institutions interested in purchasing the firm before opting to join forces with Sale Tilney. The acquisition comes at a ment advice, insurance hroking and financial planning company

opting to join forces with Sale Tilney. The acquisition comes at a time when provincial brokers bave been looking for new alliances with each other and with outside interests in the run-up to this October's Big Bang London stock market Sale Tilney is to pay an initial consultancy, became an invest-ment advice, insurance hroking and financial planning company in the late 1970s. Based in London and Brighton with 22 UK regional offices, it manages funds of 67,000. It is expected to work closely with R. L. Stott, Mr Dursley Stott will join Temple's board.

standable, for speciality chemi-

piling and landscape work. While work in the United Arab Emirates continued oo a reduced scale, Dew was main-taining good progress in the Oman. S. & J. Whitehead, the group's specialist stonemasonry contractor, was expanding steadily. The niling division was back were showing through and there were interesting new pro-duct developments in hand for next year. The chairman said Evacor profits were most satis-

factory.

£602,000 (£539,000).

UK market and the joint ven-ture with Derter holds out good prospects for faster growth still in the US. Whether It is justified or not is another mat-ter: the cynical view is that it is a cosmetic change to distract attention from the adhesive and sealants division, whose profits are increasing more through cost-cutting than increased sales, and another 12 per cent from roofing and insulation, which is still turning in losses and faces an uncertain second half. With perhaps £3.3m in sight for the full year and the shares up 3p et 128p, the pros-pective p/s ratio of under 12 suggests that the market is only half convinced of Evode's new status, and it will pronew status, and it will pro-bably take a good deal of persussion — or some more con-vincing full-year figures — to take it the rest of the way. Yesterday found Evode

attempting a metamorphosis. No longer content to be stuck with its gine-manufacturing tag, it has had its listing transferred from the Miscellaneous Industrials sector to Chemicals and Plastics and is laying heavy



in gris margins enabled Sekers international te lift its 1985-86 rofits to £1.71m pre-tax, an ivance of 28 per cent over the previous year's

over to previous years £1.33m. Sales epanded throughout the year id reached £20.57m, an increas of 13 per cent— the Londchased company is engaged 4 the manufacture of furnishig fabrics.

of furnishig fabrics. The dilctors said that Sekers detred its business not only fam its traditional markets, hi from the con-solidation of the con-solidation of the markets. They add that there had been a compation of the capital expediture pro-gramme in the manufacturing companies ad that plans were in placep centinue this policy in the current year. Trading provs for the year

Trading prots for the year te March 31 986 improved from £1.79m te2.23m. Other operating zome added £148,000 (£1:4.00). cals is the best hit of the business: the powder coatings division is already a major player in a rapidly expanding UK market and the joint ven-

eperating tapme autors f143,000 (f1:4,00). Pre-tax pr&ti were struck after taking acount of an f84,000 ris in interest charges te £72,000. Tax tok 5411,000 (f463,000) ad left net profits at f1.3m, upfroin £268,000). Earnings orked through 4.37p abead t 13.23p and a final divident of 1.65p (1.4p) raises the tol from 2p to 2.5p net per Jp share. Last Noveber in their interim repor (first half pro-fits increased vy 67 per cent to £631,000 pre-tax from turnover 14 pc cent ahead at £9.74m) the ilrectors said with the thes level of ac-tivity and order book they remained cotdent about the full year otturn. At year-end, shareholders' funds totalld £6.56m (£5.51m). Net ssets showed an improvement of 10.73p at

an improvement of 10.73p at 66.99p per shar.

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## **Rand Mines Group**

All companies are members of the Barlow Rand Group



BY NICK BUNKER

ning companies.

Exceptional

costs hit

Evode advances to £1.3m However, the roofing and in- emphasis on its new self-styled PROGRESS BY its mainstream status as a specialist chemicals company. The change is under-

Sale Tilney expands financial side

Costs hit George Dew STRUCK THIS time after an exceptional charge of £254,000 for redundancy and reorganisa-tion costs, pre-tax profits of George Dew, civil engineer and huiding contractor, fell from £473,000 to £411,000, in the half year to May 4 1986. After an increased tax charge of £184,000 (£116,000) earnings per 25p share were down from f16,24m to £13,09m, which the directors said reflected their determination to be more were some current interests in the sales of group property development fogether with the piling and landscape work twille work in the United Arab Eminates continued oo a reduced scale, Dew was main taining good progress in the

• comment

Hampton Trust up and

further growth expected

	All companies are membe	rs of the Barlow Rand Group		Hampion Trust, the property,	Australian mining net income	Line Asta
	Gold Mining C.	ompany Reports		mining and exploration group, Increased pre-tax profits from	group's gas wells contributed a	
rand mines			1000	£677,000 to £962.000 for the year ended March 31 1986.	net £46,000 (£4,000) after expenditure and depreciation of £82,000 (£105,000).	Greene, King & fons, plc
	tor the Quarte	r ended 30th June,	1980	Net surplus for the year came out higher at £790,000 (£550,000), after tax of £129,000	Trading profits increased from	
	(All Companies incorporated	in the Republic of South Africa)		(£48,000), minorities and an extraordinary charge of £76,000	income dropped to £591,000 (£786,000) reflecting a sharp fail	Bambin for 52 months to 4th for toot
Official and a second second			an London ECIP IAL	last time. While stated earnings per 5p	in profits on sale of investments Administrative expenses tool	Des tax profits advanad ha 178'
		the United Kingdom, 40 Holborn Viadu HARMONY GOLD		share declined from 2.27p to 1.63p, the dividend is raised to	£400,000 (£267,000), while	The state of the second state of the
	HT GOLD MINING Y, LIMITED	COMPANY LIN	TED	Ip (0.7p) net with a final of	£723,000 to £2.49.2. During the year a total of	15% Dividend increase proposed 15%
Registration N	No. 05/09743/00	BEDERT OF THE DIRECTORS FOR THE QUARTE OPERATING RESULTS	2106 RES OF 50 CENTS BACH.	Net assets at the year end were up sharply from £10.75m	£24.5m fixed-interest finance was raised by the issues of	
EPORT OF THE OIRECTORS FOR TH	ID DOO SHARES OF 25 CENTS EACH.	OPERATING RESULTS	2 07.6,1344 31.3,1986 2017 404 9964 2017 2017 2017 2017 2017 2017 2017 2017	to £23.85m. 'fire unectors said that the	long-term securities. Since the year-end a £2.83 111 per cent	
RATING RESULTS	mded en/od 30.6.1986 31.3.1900 509.000 496.000	Ore milled (70) Gold and (80):	2 076 000 2 017 000 7 329 7 184 3.52 3.56 1 377 000 1 388 000	supported by over £32m of long	mortgage stock 2007 had been issued which, together with	enhance our position in a tradingarea continuing
s milica (l): arocucea [kg]: d 'git!: enua (kit milico):	569 000 496 000 4 4 22.0 3 072.4 6.15 6.20 1 58.05 146.79		4 77 7809 2 7 840 3.52 3.52 1 377 600 1 3 88 0 00 9.5 500 1 0.4 600 0.019 0.119 22.444 2 2.5 10 23.444 2 2.5 10 23.444 1 0.119 24.5 10 25.5 10 1 5.5 10 1 5	tenue capital. The company con-	the other issues, had eliminated all material short-term borrow	
(Hit milled): t (Rft milled): nve (R000s): (F000's):	6413         6200           158,03         166,79           84,00         80,04           74,05         30,73           93,068         74,095           84,73         44,63           93,068         74,095           84,73         44,638           93,068         74,095           84,73         24,575           83,613         29,357           83,613         29,357           83,613         29,357	Ore milled (C): 	64.53	funities for expansion and the board was confident the current	ings. The directors said that the	Vogsonud Vosson lad
Jorosures [kg]: a 'stt: nuo (kr mileo): ti (kr mileo): nue R000si: t (R00'si: t (R00'si: t) (R00's	43 613 29 157 25 700 23 996	Gold BUSE received-Rhalt		further growth.	reduction in interest charges resulting from these issues	4.5.136 28.4.1985
ing prost-Gold ling prost-Urmium oxide iny retenuchespenditurej-(net)	43 613 29 257 273 1 425 44791	-ALL RECOURTS -ALL RECOURTS Revence-Gold, silver and committeen	191 180 171 91 6 426 7 174 144 546 179 080	Net rental income in 1985-86 jumped from £888,000 to £3.12m,	would be reflected in the cur- rent year's results.	
t before taxative ned State's share pat tion and State's coare of proof	or 42 195 29 061	Fotal revenue	144 544 179 080 142 282 130 894 57 325 48 194 3 365 5 430			Turnover         90,10         80,229           Profit before tax         11,21         9,654
after toxation and State's share of or	TORE 18 402 14 471	Working profit Jundry revenue Greti Profit before toostion and Statu's share of		COMPANY NE	WS IN BRIEF	Earnings per share 17.5 14.3p
DIVI	24 000	Profit before texation and State's share of profit Taxation and State's share of profit Profit effor texation and State's share of profit	62 712 33 624 1 456 5 746 61 253 87 670	DALGETY, the food and agri-	FRIENDLY HOTELS' rights	Dividend per share 5.60 4.87
Final dividend No. 01 of 100 cents ble on or showt 1st Angust, 1986 mass on 27th June, 1986.	per share was declared oo 9th June, 1986 to shareholders registered at the close of	Capital expenditure	43 461 53 009	culture group, announced yes-	issue of convertible preference shares has been taken up in	Copies of the Report and Accounts will ( available from The Secretary, Westaate Breen,
	CRENDITURE	There are commitment for capital expenditus Capital expenditure for the Saancial year ending is estimated at RI39 million, and will be raported or beancial statements.		Shandwick Consultants as its new public relations advisers,	per cent of the issue. The	Bury St. Edmands, Suffolk IP 10T
anequs.	Tred on in more detail to the summal Grandal	The company has sold gold in terms of its gold	badging operations, 25 detailed	encouraging speculation that It is either planning a hid itself	balance has been sold in tho market at a premium.	
in terms of a tribute spreament bet company, concluded on 26th July,	tween Drietontelo Consolitated Limited and 160s, a shara of profits amounting to the puntor ended 30th June 1986. This interminage "Surfry sepanditure (nel6. This	Below:	Arora de mailsable value per tulogram sold	or fears it is being stalked by a predator.		
ORE	MILLED	Quarter Kilograms of pold sol 1986—Srd 1026	R27 147	ASHLEY INDUSTRIAL Trust's		
On milled in the Marth observer we a which resulted in a loss of approxima GOLD &	nes depressed due to the one week wildcak Lately 44 000 tons. HEDGING		For and on behalf of the board. NOEBS (Chairman) Oirectors	capital reconstruction has received High Court sanction and the appropriate order has	London S	
	of its oold hedging operations, as detailed	EAST RAND PROPRIET	ARY MINES	been lodged with the Registrar of Companies. The authorised	C i i 1	nnual Results 1985/86
	Average realisable value per kilogram sold sold sold	LIMITED		capital is now £745,200, being 14.9m ordinary of 5p, of which	Bankers Lid	minar results 1903/80
63rd 547	For and up behalf of the board.	Registration No. 0110077. ISSUED CAPITAL: R11 088 000 IN SHARES OF R REPORT OF THE DIRLCTORS FOR THE QUARTER	1.00 EACH.	7.36m are in issue. The deficit has been eliminated from the		
July, 1962	C. G. KNOSSS (Cluirman)   Directors M. A. WATSON	OPERATING RESULTS Quet		profit and loss account.	A	year of positive progess
		Gre milled (1);         30.6.19           Gold produced (kg):         2 219           Yield (gft):         3           Bayenus (Rt. milled):         453	H 31,3,1986 3n ≪1086 H 31,3,1986 3n ≪1086 H 656 000 1 320 000 17 3325,3 17 3,55 3,46 H 07,48 9,71	ASCOG HOLDINGS has acquired F. H. Pride, which		- •
	DEPOORT DEEP	Revenue         Ret milled):         36.           Cost (R/t milled):         96.           Loss (R/t milled):         97.0           Revenue (R000's):         97.0           Cost (R000's):         25.5           FilMARKELAL RESULTS (R000's)         00.00	97.24         90.21           6)         (10.13)         (11.57)           77         57.366         114.483           81         64.046         129.729           91         (6.660)         (15.266)           92         24.679         25.956	factories in Croydon, Surrey, under its present name, Lucas-	a	Record Pre-Tax Profits of £4m.
		Gold price received (RODO's) (0 GO Gold price received (RODO's) 25 51		Pride.		Capital Funds now £47.4m. Further expansion in Treasury and
ED CAPITALI R2 325 000 IN GHARE	S OF R1.DO EACH. E QUARTER ENDED SETH SUME 1988	Sundry revenue-unet:	665 1416 9 10 631 20 000	COUNTER PRODUCTS Market- ing, a marketing services spe-		Securities.
ATING RESULTS	Quarter         Quarter         6         Institut           30.4.1048         31.3.1046         30.6.1960         50.6.1960           60.2 900         33.000         1 (53.000         1 (53.000           1 538.4         1 864.2         3 82.20         3.23           60.517         77.09         76.62         77.64           77.04         3.54         75.64         44.469           44.469         14.345         93.11         44.23           42.24         13.025         67.260         42.41           42.41         1 007         6 120         61.23	765		cialist, has acquired for an undisclosed sum the Tyrell		Growth in International Investment
milled f2): oroduced f2g1: .ugt2): .ugt2: .ugt milled2: .ugt milled2: .u	Constant         Constant         Constant         Constant         Constant           30.4.1028         31.3.1028         31.0.510         310.6.103         310.6.103         310.6.103           602.000         383.000         1.163.000         1.163.000         31.223         3.225           60.51         77.09         76.63         72.47         73.85         73.46           7.24.7         73.85         73.44         5.17         44.449         4.943         32.14         5.17           44.449         4.943         5.05         7.250         7.250         7.250         7.250           23.005         23.854         2.4.437         7.355         7.250         7.250         7.250	Profit before taxation and State's share 107 Taxation and State's share of profit	<u>17 2 557</u>	Company, a corporate design, product development and com- munications concern.		Banking.
(Art milled): (Art milled): (Art milled):	60.51 77.09 76.63 73.47 75.85 75.66 7.04 3.24 57.66 44.469 4.245 93 11	Protiticional atter taxation and Statz's (148 share of profit Capital expenditure		EDGAR HAMILTON Group has		A Successful Start in Strategic
ROOO'ni: orico received IR/kgi: NCIAL RESULTS (ROOO'st			d for the half-year or-sed 30th			Consultancy. Opening of our New York Office,
ng profit-Gold	4 241 1 807 8 128 673 1 115 2 066	June 1966 CAPITAL EXPENDITUS There are committeents for cashal essendilive estimated boast cashal assendiver for the remainder 644.4 million.	of the current Snanthal year is	by Paul Bradford & Co (Lloyd's brokers), Gordon Cooper		
before taxation and State's nhare brock Upp and State's share of crofit	5 212 3 002 8 214	R44.4 million. The company has entered into a 10 year. R150 mant with Barcinys has entered into a 10 year. R150 mant with Barcinys hattooal Bank Linktod. The Ioan East Vertical Shaft Complex, will be drawn on over in November, 1986 and will be rabid over the followin The company has safe could be tartist of its cold The company has safe could be tartist of its cold	millios consortion losn norse- will be used to fixing the Far seried of three years startion in	Agencies), Professional & Geoeral Insurance Brokers and	LC LC	B, established in 1973, is an international merchant ad
siter taxitico and State's share	5 213 3 002 8 214 5 150 3 117 6 318	November, 1966 and will be repaid over the followin The company has sold gold is tarms of its gold	ng saven years. I hedging operations, as detailed	Jatvust. Annual and	inv Fi	estment bank with established capabilities in Corporae nance and Loans, Treasury and Securities, Strategic
t was decided not to declare an int	IDEMD terim dividend for the ball-year coded 30th		Averapa realisable value Ger kilogram sold	International associate, is one of the largest Lloyd's-based whole-	Co	nsultancy, Leasing and Investment Management.
There are commitments for capital about the for the second state of the second state o	EXPENDITURE Oxegniture emounting to REGD 000. The e ramainder of the current financial year is	Quarter Kilograms of pold sol 1966—3rd 535 1966—4th 167	R26 067 R30 958	sale brokers in the UK.		
millius. GOLD I	NEDGING	C. G. K	For and on behall of the board, NOBBS (Casiman)   Directors	LONDON SHOP Property Trust has bought five freehold	7	
The company has sold gold in terms	of its gold hedging operations, as detailed Average realisable	10th July, 1955 M. A. WATSON (	Menaging Director) i	investment properties for £5.1 m. Currently, they are	London S	
	Arcrage realisable value per kilogram sold sold 280 R26 336	GENERAL NOTES 1. All Onancial figures are subject to sudit.	-	producing £455,000 per annum. It has sold to a single pur-	Continental 40	6 Throgmorton Avenue, London EC2N2AP lephone: 01-638 6111 Telex: 885826/7
6 <u></u> 3rd	For and up behalf of the board.	2. GOLD MINES Gold Hedging The proceeds from hedging transactions Shall	used during the quarter form	chaser for over film a portfolio of four retail properties in the	Bankers Lia.	
la jely, 19 <b>86</b>	C. G. KNOBES (Chairman) ) E. h. J. STOYEL, J	The proceeds from bedging transactions shall purt of reveaue derived from the sole of going		Bristol area.		
			The second	Intel ITA		
			JP	Land and		

Jeit in IIA Financial Times Tuesday July 15 1986 LONDON RECENT ISSUES

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## FT UNIT TRUST INFORMATION SERVICE

EQUITIES		FI UNIT INUST INFORMATION SERVICE
face Paid Groups 19 Price at Date High \$255 F.P. 2477. 162 8 F.P. 1566 127	Mon         Stock         Cloping Pvice         + or -         Nut.         Times Div.         Grads         PZ           Low         Pvice         -         Div.         Cavid Vield Ratio         PZ         Div.         Cavid Vield Ratio           136         #Accord Publications 5p.         26.1         -1         RdS.1         2.6         2.7         20.3           1142a         #Advisioning Group 10p - 1220d          5.4         2.8         6.3         7.9	AUTHORISED UNIT TRUSTS
150 F.P. 206 152 115 F.P. 117 70 657 F.P 70 1446 F.P. 138 158 116 F.P 55 577-5 F.P. 257 459 147 F.P. 267 147 125 F.P. 80 147 145 F.P. 257 175	138         Aharatage Group         150         -2         R5.85         2.5         5.5         10.0           155         Arrington Sec. 10p         180         +2         01.7         4.3         1.3         28.7           68         Helsa Davigo Crp Sp          171          11.0         4.2         2.0         17.0           145         Hesa Terror Sp          133         +3         - s5.0         2.4         4.6         12.1           41         Bertranst Intr. Tsi	No         Differ         + ar         Yand         Following 118 July 7
440 F.P. 206 GJz 500 F.P 665 5110 F.P. 107 115 9125 F.P. 78 135 818 F.P. 187 116 97 F.P. 187 116 97 F.P. 18 91 566 F.P. 47 150 196 F.P. 47 150 196 F.P. 463 92	6.012         (4Cannocets 100         66         7         82.01         24         4.3         13.5           95         4C'bell & Aratstrong 50         95	Compare Contract         Bit A         Product         Compare Contract         Dist A         Product         Dist A         Product         Dist A         Product         Dist A         Product
150 F.P. 257 155 140 F.P. 206 150 140 F.P. 207 150 150 F.P. 207 150 150 F.P. 206 150 150 F.P. 276 155 150 F.P. 276 155	150         Guitanie Gorp         154         653         22         48         9,9           140         Hagars (Junia) 10p         101         +1         mcD.0         32         3.0         14.5           90         Holdson Hilds 50         112         +2         R213         23         27         24           910         Holdson Hilds 50         112         +2         R213         23         27         24           225         Joel (H.J.) Lind Units         256          PA         -         15.1 <th>Auter Lander L</th>	Auter Lander L
F.P. 16 195 F.P. 16 195 F.P. 31/7 42 F.P. 66 106 F.P. 25/7 114 Hill F.P. 86 100 190 F.P. 18 242 120 F.P. 18 242	177         440         129         177         421         124         175         421         124         123         124         124         125         450         124         124         124         124         125         450         124         124         125         450         124         124         124         124         125         450         124         124         124         124         124         124         124         124         124         124         124         124         125         450         124         124         124         124         124         124         124         124         125         125         125         125         126         125         126         124 <th>Answerse instruct Total         <thtotal< th="">         Total         Total</thtotal<></th>	Answerse instruct Total         Total <thtotal< th="">         Total         Total</thtotal<>
FIXED INTER	EST STOCKS	200 Suff. US 1 (19): 100: 013       102 103       102 100       100:00
1 7.3 54 997.947 52 179 9950 CM 2288 999.256 CM 238 994.265 625 30.00 6100 F.	1996         Stack         Closing Price         + or 5           Ikgh         Low         5         -         -           111         104         Assart 3% Cars. Core. Red. Prof.         105         -         -           273a         25%         Bankers tw. Tat. 10% % Deb. 2016         25%         -         -         -           300a         27         Britani Water 3.9% Red Dub "6         -         9         +3         - <th>Anthony Wieler But Tst. Hapet, Ltd         December 30</th>	Anthony Wieler But Tst. Hapet, Ltd         December 30
6 40	40         57%         Estates & Gen. 11/4% 14t Och. 2018         5%           52%         5%         Farageton inn, Bank 9% (sl. 2001)         30/4         -3           pen         30%         Farageton inn, Bank 9% (sl. 2001)         30/4         -3           1077         20%         Farageton inn, Bank 9% (sl. 2001)         30/4         -3           1078         104         Friendly Hostel 5% Core, Dank Red. Pref.         205         -1           27%         26%         Grade to 10% Data         26%         -1           27%         6%         Grade to 10% Data         26%         -1           27%         6%         Grade to 10% Data         26%         -1           27%         10%         Friendly Hostel 5% Core, Dank Red. Pref.         205         -1           27%         10%         Friendly Hostel 5% Core, Data         205         -1           27%         10%         Frieldly Hostel 5%         2016         -2%         -3%           28%         11%         10%         10%         10%         2%         -3%           28%         11%         10%         10%         10%         10%         10%           29%         -1%         10%	Chira Floor         Chira Floor <thchira floor<="" th=""> <thchira floor<="" th=""></thchira></thchira>
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## COMMODITIES AND AGRICULTURE

# Cool reception for EEC plan to pension off older farmers

#### BY TIM DICKSON IN BRUSSELS

38

included encouragement for as a serious starting point for those who carry out "environ- discussion and the Commission mentally senoitive" improve-is likely to be asked to come up with aome revised recom-those who turn over their land Manual Japlian the new

scheme for farmera over 55 and inducements to ysunger farmers to switch productioo for a minimum of five years in line with market needo, this structural " plan is being taken is a serious starting point for that agriculture's share of ex-iscussion and the Commission penditure can be reduced." is likely to be asked to come Besides their fundamental p with aome revised recom-concern obout the consequences of the Commission's proposals, Mr Michael Jopling, the new Ministers are inevitably wor-

EEC ACRICULTURE Ministers last oight expressed otrong reservations about a Europeas Commission plan to pension off older farmers and encourage the youog. The proposal formed part of an important reatructuring package unveiled in Erussels earlier this year in an effort to curh Community surpluses. Besides an early retirement scheme for farmers over 55 and inducements to younger reminded his Ministerial col-leagues," reaffirmed the need to adapt the Commoo Agricul-tural Policy to changed circum-stances. They called for better control of production so that it is more closely adjusted to the market aituation ond so

sums needed for price interval-tion. Ministers knocked ECus 100m off the so called "guidance" section of the hndget, which is devoted to support schemes such as the one under discussion yesterday. Another part of the Commission's plan to attract criticism was the proposal to give spe-cial consideration to the "less

favoured areas."

## **Commission warns on beef support cost**

#### BY TIM DICKSON

hudgeted to huy in 300,000 tonnes of heef in the financial

Copper reaches

INSPIRATION Consolidated

Copper, a subsidiary of Inspiro-

tion Resources, has reached a tentative labour agreement with

its copper workers, a union official said, reports Renter from New York.

Contracts at Inspiration ex-pircd on June 30, but some 630 unionised employees remained at work while talks continued.

The union spokesman said the proposed three-year can-

tract involves pay cuts, but also provides for honuses tied to the

Inspiration

pay deal

THE EUROPEAN Commission figure will be substantially it clear yesterday that he ages fixed rate regardless of market end of market increated during the aotumn increated d

of intervention - the question, of course, is how. With the same degree of oppoaltion to its pro-posala aa before it is thought that the Commission will have to come hack with new idess in September,

## LONDON MARKETS COFFEE PRICES yesterday

followed through on the sharp gains recorded at the end of last weak as concern shont dry weather in the Brazilian growing belt continued to encourage speculative activity. On the futures market the September position, which has risen £121.50 on Friday, put on another £76 to reach on another 176 to reach f1,872.50 a tonne-just a week after touching a nine-month low of £1,600 a tonne. The cocoa market was also hnoyant, reflecting growing optimism about the prospect of a workable international price stabilisation agreement emerging from the current round of talks between producers and consumers in Geneva. With weaker sterling INDICES

REUTERS

DOW JONES

BASE METALS

STATES.

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rt (Phil)

1240y

Close

E per tonne

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1345.1355 +61,5 1884-1822 1570.1280 +41.0 1884-1822 14.19.1420 +36.0 142.199 1455.1454 +48.0 145.142 1468-1472 +38.0 1451-1429 1468-1472 +38.0 1451-1429 1489-1490 +40.5 1442-1463 1999-1510 +53.0 148

Y'stor d'ys + orl Business close \_\_\_\_\_ Done

Sales: 315 (100) lots of 20 tonnes.

July whost on its final trading session feiled to trads before the last 10 minutes, then sew s 30 lot crc.s involving nervous long lightletion ngeinst stog-loss cover. It stadied from here on erratic sbipps; buying but assed from highs of £3.50 sp to expire st £120.60. New crops sew oulet but steedy trade with the mejority of volume involving Janaery/ March switching, reports T. G. Roddick.

Yesterday's + or Yest'rdy's + or close - close -

BARLEY

GRAINS

WHEAT

Business Dono

\$160y [U.S.)\$166.9y + 6.9 \$160

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in tennes unides otherwise stated,

July 14 + or Month 1986 - ago

tonne LME prices supplied by Amalgamated Metal Trading. ALUMINIUM

Linotficial + or Linete(p.rs.) -2 opr tonne Highriow

Cash 750-50.5: +1.70 750/749 3 months 764.5-6 +9.9 1768/765.5 Official clesing (sm): Cosh 749-50 (748-5), three monihs 765-6 (774.5-5.5), settlement 750 (748). Final Karb close: Barley Fut\_Sept\_£98.85 +0.25£90.90 Maize £164,56 £184,56 Wheat Fut Sept. (209,80 +0,59,296,30 No. 2 Hard Wint. 2 106-7. war: 11,700 tonnes. OTHERS COPPER Sas Oli Sept. Rubber(kilo) Sugar Iraw) elose - High/low Grade A 886.5-1.5 -10 906.5-7 -.9 899/881 918/906 months

t Unpsoted, † Per 75-16 fissk, c Ceste r gonnd, y Jaly-Ang, s Aug, w Aug-pt, s Oct. \* Cetton Ostlock, Standard Cash months 863-4 -0.5 860/863 870-5 -9.5 886/870 COCOA

1. Offical closing (sm): Cash 899-8.5 (822.5-35), three months B12.5-3 (930.5-4), sequemers 839,5 (831.5-1, sequemers 839,5 (831.5-1, three months 833-5 (851-2), three months 833-5 (851-2), three months 833-5 (854-5), Settlement 800 (852). US producer prices 63-67 cents per pennd. Futures opened standier and gained furthers grannd ists in his situmcion to move through limit-no on the closing call. Physics's failed to respond is this movement so late in the day and thite business was seen, reports fail and curve g uffus Total turnover, 39,550 tonnes EOCOA LEAD

	Linefficial + or close (p.m.) -	stightew	Bept
Cash 5 repath	242-50 +9 265-4.8 +1.75	964/252	Hay
(248.75-7 (250.5-1) Karb elo Turnov	l closing (sm): Can ), three months , sardement 250.5 (i ma: 253.6-5. msr: 6.900 tennee. nts per pound.	253,5-4,5	Sales: 2,772 (2,751) lots of 10 transes. ICCD Indicator prices (1:5 cents per pond). Osily price for July 14; 90.27 (89,13); five-day average for July 15; 99.48 (89.34).
NICK	EL	·	COFFEE

Unofficial + or f close(p.m.) - High/ low Causts "inthe 8625-30 + +48.8 12667-8 ; +42.8 closing (sm): Cash 2805-10

savier then expected the immediately found good co bours buying which

Further technical bas

up the 4c limit, while the limitless September position at one point advanced almost 10c to reach its highest level since mid-June, when this breakthrough of the important 180c support level took place, reports Heinold. The having activity was seen as spillover activity was seen as spinover both from the technically con-structive close on Friday and from a similarly strong Lon-don performance in the morning. Reports of an un-interrupted 40-day dry spell in certain Brazilian planting areas seemed to come to the forement of traders' MAIN PRICE CHANGES the foremost of traders' minds, encouraging commis-sion house short-covering, led in the first instance by runoured interest on the part Copper\_\_\_\_\_\_ Cash Grado A\_\_\_\_\_1887 \_\_\_\_19 \_\_\_6953.0 3 miha \_\_\_\_\_\_\_8908.70 \_\_\_0.0 \_\_\_2942.70 Gold Troy oz\_\_\_\_\_\_8345.0 \_\_\_\_25 \_\_\_8353.75 Lead Cash \_\_\_\_\_\_644.0 \_\_\_\_2 \_\_\_2893 6 mtha \_\_\_\_\_\_263.38 + 1.76,42991.9 of trade sources. NEW YORK Low 50.50 Close 50.50 50.95 50.90 51.35 51.45 51.85 62.13 52.40 53.60 52.80 High 51.16 July Aug Sept Dec Jan Marcin May July Sept Dec 51.58 52.06 E2620/54 +10 \$265 +9 \$241.9 COCOA 10 tonnes. \$/tonnes Ciose 1842 1879 1931 1972 1991 2020 2045 2060 July Sept Dec March May July Sept Dec 1985 1934 1975 1991 2005 2050 
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HEATING OIL 42,000 LIS gal cents/US US MARKETS Prov 31.246 31.246 33.27 12 33 34.12 33 35.45 25 32.35 31.35 High Low 31.30 29.85 31.90 30.56 32.80 31.50 33.60 32.40 34.60 33.30 35.25 34.50 35.25 34.50 33.00 32.25 Latest 31.00 31.75 32.70 33.55 34.30 35.00 35.75 32.50 31.75 30.90 THE COFFEE MARKET Aug Sept Oct Nov Dec Jan Feb Marci April May showed the liveliest move-ments of the day, with the deferred months again moving 31.00 20.90 PLATINUM 50 tray or. Sitray or Low 435.5 439.2 442.0 446.3 High 438.0 439.5 441.0 443.9 448.0 Close 435.3 436.6 439.2 445.5 438.6 438.8 441.5 444.3 447.6 
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## tonnes of heef in the financial year eodiog next April. But, in the first three months of 1986, he cald some 220,000 tonses bave already beeo taken into Community intervention stores with every prospect that this **Consumers** raise cocoa pact price proposal BY WILLIAM DULLFORCE IN GENEVA COCOA CONSUMING countries be adjusted when buffer stock yesterday affered a higher purchases or sales within a refereoce price and modified period of six consecutive manths their proposal for a price reoch 75,000 tannea, as asked for adjustment mechanism, as nego- by the producers. tiations on a new international cocoa agreement moved into In return, hewever, the consumers want the maximum price revision triggered by the buffer stock changes to be 7.5 cents instead of the 6 cents they originally offered and the 5 cents demanded by the

producers, the evening to study the con-sumers' latest package offer. It allows for a reference cerns the annual review of price of 102 cents a pound in-stead of the 100 cents the con-cells that, even if the average sumers offered last week and the 107.5 cents called for by the producers. Ths price structure provides for an upper intervention price of 122 cents, a lower intervent. A further medification in the

The tentative pact has to go before the full union hargais-ing committee and also the

cocoa agreement moved into their second week. Mr Julian Onuora of Nigeria, the producers' spokesman, said the new price offer was un-acceptable but delegates from the leading producing countries were meeting on their owo in the evening to study the con-sumers' latest package offer.

price of copper. He declined to give further details.

Weather hits **US and Soviet** crop prospects

### By Nancy Dunne in Washington HOT DRY weather is decimating

crops in both the US and the USSR, But so far it has not affected early season projections for plentiful worldwide grain production.

In the South-eastern US, a drought has limited water supplies and stressed about 12 per cent of the nation's soya-bean crop. While relief for that area is in sight, according to Ms Gail Martell, chief weather forecaster for E. F. Hutton, the cooling weather may show the 21 cooling weather may shows the drought west over the Missis-sippi Deita region, thereby threatening 30 per cent of the

soyabean crop. In the Soviet Union, heat and

# producers and consumers in Genera. With weaker sterling against the dollar also encouraging buyers the September futures price advanced £41 to £1,379.50 a tonne. On the London Metal Exchange cash Grade A copper (ost mest of Friday's rise with a £10 fall to £887 a tonne.

Natiosal Non-Ferrous Industry Steering Committee which determines whether to recom-mend it to members. A vote by the rank and file would prob-ably take place towards the end of this week.

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ending last Friday) (tonnes) — 1,125 to 135,425 +5,800 to 750,625 Copper Lead Nicliel Tin Zinc -1.325 to 42.150 +240 to 4.260 -230 to 50,955 -9,975 to 31,875

Silver

SOME YEARS ogo I visited

SOME YEARS ogo I visited China with a party of British farmers, one of whom was a well known dairyman who seemed to think he had o mission to improve the health of the world by inducing the population in general and the children in memories to

children in particular to con-sume more milk, butter and

cheese. As part of the tsur we visited a neighbourhood clinic and kindergarten in Peking. There we were much impressed by the children who, like all we

saw in China, were models of

The dairyman asked the lady

The dairyman asked the lady in charge how much milk her charges were given. "Milk" sbe replied, "have you oot heard of choresterol in the West?" There is in fact very little scope at preseot for dairying in modern China but these child-

ren, and the rest of the populo-tion too, seemed to keep fit on

the fats and proteins contained in aoyo aod other oil producing

Quite a few in the West have taken to heart waroiogs about the dongers of milk products and generally speaking con-sumption of whole milk and butter has been giving way to margarine and other spreads.

margarine and other spreads, together with an increasing consumption of fat reduced milk. It is prohable that this

health and vitality.

plants.

of 122 cents, a lower interved. tion level of 82 cents and, for the buffer stock manager a "may-buy" point of 87 cents and o "may-sell" point of the cents and buffer stock manager a "the buffer stock manager a "t and o "may-sell" point of Mr Onusra said the producers' 117 cents. The decision to improve the reference price on after was taken by the European Com-munity countries after long consultations on Friday and their capitols over the weekend and on Monday morn-ing. Mr Bené Mantes, the president of the UN munity countries after long consultations on Friday and their capitols over the weekend and on Monday morn-ing. meeting of major producers and consumers later in the day.

ing. Other consuming countries occepted the structure on con-dition that the upper and lower 122 cents and 82 cents respec-tively, 2 cents further from the reference nrice than suggeste? The consumers have also con-transmission of the structure on con-dition that the upper and lower 122 cents and 82 cents respec-tively, 2 cents further from the reference nrice than suggeste? The consumers have also con-

Vegetable oils, the word is spreading

FARMER'S

drought covered the Volu average has been within the intervention levels during the Eastern black soils region a the North Caucasus in May June and spread westward in the Ukraine. The winter an spring grains have both bee damaged, according to a U Department of Agricultur

analyst. Last Friday the USI dropped its estimate of the tot 1986 Soviet grain crop to 180 tonnes, down 5m from f previous month. At least o

commodity company has pr dicted a 168m tenne output. Bot if the Soviets are worried, Bot if the Soviets are worried, their concerns have failed to show np in the marketplace. According to the USDA, reports of purchases have been scarce. Buying of Argentine coarse grains has run short of expecta-tions, and there have been no

(ounces) by the EEC. of talks on a new coces agree tions, and there have been no unchanged st 35.958,000 ceded that the cocca price shall being decisive. aales.

ciuse: 266	1971 2610 (2005), Final K -65. 1 684 tonnés.	COFFEE	Cioeo	+ or	Done
TIN KUALA I 14.28 (14. ZINC	LUMPUR TIN MARGET: CI 26) ringgit por kg.	Jan	1856-1840 1873-1874 1898-1900 1086-1555 1050-1085 1965-1985 8000-8020	+ 76.0 + 74.0 + 50.0 + 87.0 + 76.0 + 85.0	1875-1798 1910-1822 1948-1850 1970-1886 2000-1018
Nigh grade	Unofficial + or close(p.m.) - High/ & per tonne	icw pound) fo 143.78 (13	352 (7,005) leator price r July 11: 9.00): 15-de	s (US Como	deily 1979
Cash 0 raonths	548-50 + 16.0 000/5 643.54.6 + 11,25 661/5		BEAN	ME.	AT
Official	closing (sm): Cash 5	1-3	DEMIT		

(527-5), three months 545-6 (527-8), seniement 553 (529). Final Kerb closs: 551-2. Tumover: 7,150 tonnes, LIS Prime Westum: 41-50-44.78 cents per pound,

GOLD Gold fell \$2% an ounce from Friday's close in the London bellion markst ysstarday to finish at \$3459-3454. The metal openad at \$3459-3454 and traded between a high of \$3467-347 and a low of \$345-345%. Recan interact above by one buyer in particular was obsent yesterday and the metal's meent fellers to astabilish itself above \$350 stracted light selling stract the start of basiness in New York.

GOLD BULLION (Ane ounce) July 14 

GOLD AND PLATINUM COINS Kr'g'r'nd. \$346.348 (£2331-236) 4 Krug. \$1801.1854 (£100-183)

4 Krug. 682-98	(280-804) (285 054)	Math	ciose	9+or	Yest'rdy' close	¶+or	
Napisiai \$354007 Argel \$554.367 718 Angel \$554.367 New Scv. \$33.85 Did Scv. \$33.85 Did Scv. \$33.85 Noble Plat \$440.460 Noble Plat \$4464.4514	$\begin{array}{c} (\underline{c},\underline{3}\underline{3}\underline{0},\underline{9}\underline{4}\underline{1}) \\ (\underline{c}\underline{9}\underline{5}\underline{9},\underline{5}\underline{4}\underline{1}) \\ (\underline{c}\underline{5}\underline{6}\underline{6}\underline{7}\underline{1}_{\underline{6}}) \\ (\underline{c}\underline{5}\underline{6}\underline{6}\underline{7}\underline{1}_{\underline{6}}) \\ (\underline{c}\underline{5}\underline{6}\underline{6}\underline{7}\underline{1}_{\underline{6}}) \\ (\underline{c}\underline{5}\underline{6}\underline{1}_{\underline{6}}\underline{5}\underline{9}\underline{1}_{\underline{6}}) \\ (\underline{c}\underline{3}\underline{0}\underline{1}\underline{1}_{\underline{6}}\underline{-5}\underline{0}\underline{4}\underline{5}\underline{5}, \end{array}$	July	102.80 105.90 106.80	+ 0.88 + 9.40 + 0.80 + 0.80 + 0.85	98,85 102,25 106,40 107,80 109,40	+0.25 +0.20 +0.55 +0.65 +0.49	

Biver was fixed 5p sn once bigher for spot delivery in the London buillon market yesterday si 339.16p. US cent equivalence of the fixing levels ware spot 503.65c, down 2.6c; three-month 011.55c, down 2.6c; six-month 518.6c, down 3.45c. The metal opened al 338-down 3.45c. The metal opened al 338-340p (502-504c).

+4.6

MEAT

sellers. TEA LIVE CATTLE | LIVE PIGS

Month Class - Close -

(+12.75). (+0.4Z).

MEAT COMMISSION-Average tet-stock prices at topresentative mericols. GB-Cattle 57.03p per kg tw (-0.71). GB-Sheep 177.25p per kg set dow (+12.75). GB-Pigs 74.55p per kg tw

28,172 packages were on offer in the London Tea Anction, including 5,200 packages in the offetpore section, regerts the Tea Brokers' Association. Demend contineed to strengthen. East Aircen CTCs met keen competition and prices were generally 3-5p higher. Coloury central Articans oftan sourced while pisiner sorts showed linie overail change. Ceylons met strong domend si dearer rotse end south Indians also gained ground. Offshore teas were guits well cep-parted and prices were Srm is dearor. Getustione: geslity 200p n to nominel (195p), medium 185p s kg (155p), tow medium 95p a kg (94p).

Taragver: 1,340 (2,558) jets of 100

347.8 Sept 16.22 16.35 348.2 Det 18.30 16.45 360.9 Dec 16.61 16.90 364.1 Jan 16.87 17.02 367.4 March 17.21 17.35 360.6 March 17.21 17.45 360.6 March 17.31 17.60 364.0 July 17.80 17.80 367.5 Aug 17.73 17.69 371.0 WHEAT 6.000 bu mm. 378.8 cents/60 (b-bushel 382.9 Luby 28.6 271.9 345.4 348.1 349.4 252.6 255.0 359.1 362.4 365.9 369.4 373.2 377.2 381.3 16.54 16.96 17.00 17.42 17.90 18.00 17.93 16.45 16.90 17.02 17.35 17.80 17.80 17.80 
 350.5
 349.1

 353.8
 362.3

 356.4
 266.3

 359.2
 359.2

 363.2
 363.2
 16.75 16.85 17.20 17.51 17.76 17.75 111 378.0 378.9 
 Cope
 High
 Lowr
 Prev

 280,6
 271.9
 262.4
 263.4

 285,4
 261.4
 257.5
 266.2

 285,4
 256.4
 257.5
 266.2

 240,0
 244.4
 240.0
 241.9

 240,0
 243.4
 230.9
 233.4
 July Sept Dec March May July ORANGE JUICE 15,000 Ibs, cants/ib Prev 102.40 102.05 Close 89.65 98.50 100.50 101.30 102.15 103.10 104.25 105.30 Low 99.00 97.30 89.00 95.00 100.30 101.10 Nigh 102.00 101.00 102.20 101.79 103.00 703.00 193.00 103.76 185.05 196.10 107.20 106.40 SPOT PRICES-Cbicago loose lard 14.00 (same) cents per ponnd, Handy and Harman sliver bulkion 502.0 (506.9) cents per troy ounce. = POTATOES RUBBER

Ciose 16.03 16.06

High 16,20 10,20 16,35

Low 15.58 16.02 16.17

Prev 10.29 10,29

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 Nov
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 Month
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 Moy
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 May
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 Boy
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 Feb
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 Month
 177.101

 Feb
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 Month
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 Eber
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 Isso
 177.101

 Feb
 126.50

 Isso
 177.101

 Feb
 126.50

 Isso
 128.00

 Harrow
 128.00

 Harrow
 128.50

 Harrow
 128.50

## 116.50 | 118.50 | 1%,58-114.10 125.50 | 109.00 \_\_\_\_\_\_ 169.00 | 177.10 | 75.58-198.59 178.50 | 188.00 \_\_\_\_\_\_ 77.50 | 88.00 \_\_\_\_\_\_ 6sis: 1,428 (832) kts of 40 tonnes. Earlies-Jnly 96.50. --1.50; Aug 85.00, unchanged; Sept 63.60, +1.50. Sales: 0 lots of 10 tonnes. COTTON

LIVERPOOL Spot and shipment sales for the week commoncing July 1 smannied to 648 tonnos. Fair opera-tions took olecs in Israel, American, were African, Spanleb and Sudanese

#### SUGAR

Prices tell steadily throughout the day. Fitteen-day Brent traded down to \$3.84 in August and \$3.90 in Septem-bar. Oeals ware dons in sil months Angust through to November but the majority was for September, Nymax WTI opened 3c down for August and tradeg downaids all morning. There are simple supplies but no buyers for groupt obysical crudo. Heavy Inst was assessed stable in thin trade. Prompt noghthe was talked slightly firmer on boin svallabilities in the Medicaraneen with little buying intorest seen in North West Eerope-Petroleum Argus, London. LONDON DAILY PRICE Raw segar \$127.00 (205.00), down \$5.00 (down \$1.50) s tonne tor July-Angura delivery. White enger \$164.00, down 35 00.

No. 6 Con-tract Yest'rdy's Previous close close

5 per tonne F.O.B.

Sales: 2,324 (5,789) lots of

tonnes. Tate and Lyis delivery rice for grannieted basic suger was 187.50 216.50 e tonne for esport. Intermetional Suger Agreement---(US cents per pound fob and stowed Caribheen ports.) Prices for July 11: 0ely price 6.05 (5.12): 15-day average 5.58 (5.64). i = Arab Heavy 7.00-7.10 0.55 Brent Blend, 8.60-8.60 0.90 W.T.I. ( pm est) 10.70-10.60 0.35

#### FREIGHT FUTURES

	Close II	High/Low	Prev.
	Dry G	argo	
Juty Oct. Jan. April Juty Oct. Jan. Apr.	555/650 627/528 658/660 184/735 625/660 195/743 725/751 812/900 6716	687 629-695 991,669 725	556/558 ] 639/632 657:658 720/739 640/650 725/740 725/740 900

				-	978,0
	Turnover:	80	(214)		
-					

Close	High/Low	Prev.
7	ankers	
July 850/926 Aug 680/930 Sep 800/950 Dec 1000/108 Mar 1010/107 June 1040/108 6TT 978	900	930/950 900/940 925/1000 1000:1019 1150/1120 1150/1120 1004
Tumpunet 40 (	303	

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VIEWPOINT to suit every climate; from soyabean rapeseed and sun-flower in temperate areaa to coconut and palm olla in the tropics. Their qualities suit them to a wide spectrum of food and industrial uses aod most of them provide, as well as their essential fat, a propor-tion of protein meal from the extracted. The most important indiviabout £270. Looking at this situation os a

. 5

extracted. The most important indivi-dual oilseed is the soyabean, which is widely cultivated in North America, Brazil and in many parts of the temperate and sub-tropical belt hecause it will tolerate a wide spread of climotic conditions. It is easily farmed under modern extensive systems and being a 12.9 12.8 5.1 2.7 2.9 62 2.9 2.3 14.2 Groundnut Others Total 126 36.2 38.4 extensive systems and, being a legume, fits in well with o cereal

rotation. Its oil cootent is about 17 per cent but the meal pro-duced after crushing is o higbdictable tropical climates can be turned into an industrial

margarine and other spreads, together with an increasing consuoption of fat reduced milk. It is probable that this trend will continue, assisted by the rapidly increasing output of various vegetable oils, the com-position of which can be com-trolled by manufacturing There is also the question of price. The EEC price of butter is set at about double the price of margorine. The disparity is ilkely to get a great deal wider of margorine. The disparity is clearly over the last 25 years foundarial and hood purposes onseeds competitive with the likely to get a great deal wider and will increase further as and can be adapted to olmost ports is £168 (\$253) per tonne. in the future as production of new plantations in Malaysia and every taste. They are also very How long will it be before there vegetable oil is increasing fast other tropical countries are and the price is falling. There are vegetable oil plants many years one of the features the equotion. The by-product of munity?

Looking at this situation os a farmer I would think that dairy farming except for producing liquid milk is going to face even more pressure in the EEC. There are already some dairy interests demanding restric-tions on the importation of vegetable fats bot to concede these would be to fly in the face of a large sector of medical PRODUCTION OF (millions of tonnes) 1980-81 1983-84 1985-86 13.4 of a large sector of medical wisdom which does seem to be 7.6 3,1 3.0 against dairy products. In economic terms it does look on though in a straight 43.9 competitive situation vegetable fats would have the advantage of being manufactured directly from the harvested seeda into the desired products while milk Source: International Monatary Fund aod to irrigatioo and in the pre-

the hutter making process is skimmed milk powder which is an excellent animal feed. But because of market pressures the EEC is unable to sell it and there are now nearly im tonnes of it in intervention stores. The Intervention price for

skimmed milk powder is £1,076 per tonne which is right out of the reckoning for most animal feed compounders when the price for soyabean meal which, I consider equally satisfactory for pig feeding, is well under £150 per tonne and fish meal of

#### SILVER

SiLVER Builton + or LM.E. + or per Fixing - D.ra. + or tray oz Price Unoffic'ij

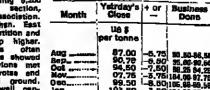
LANE-Turnover: 0 (29) lets of 10,000

Cesh high/low 37p: three months high/low 347p, final kerb 345-7p.

Cattle sales: 0 (0) fots of 5.000 kg. Figs sales: 9 (0) lots of 3.250 kg.

Month

Mar. 106.80 (+0.80 107.80 (+0.8 May. 110.70 (+0.65 109.80 (+0.8 May. 110.70 (+0.65 109.80 (+0.8 May. 110.70 (+0.65 109.80 (+0.8 May. 110.70 (+0.8) (-0.8) (+ Ternover: 3,904 (1,340) lots of 100 GAS OIL FUTURES



F		bei rouue	l i
in ad et ad	Aug Bep Oot Nov Jan	90.78 94.50 07.76 99.50	-6.75 1 -6.60 1 -7.50 1 -3.75 1 -8.60 10 -3.60 10
к.			

CRUDE OIL-FOS (\$ per barreb-

Petroleum Arous satim

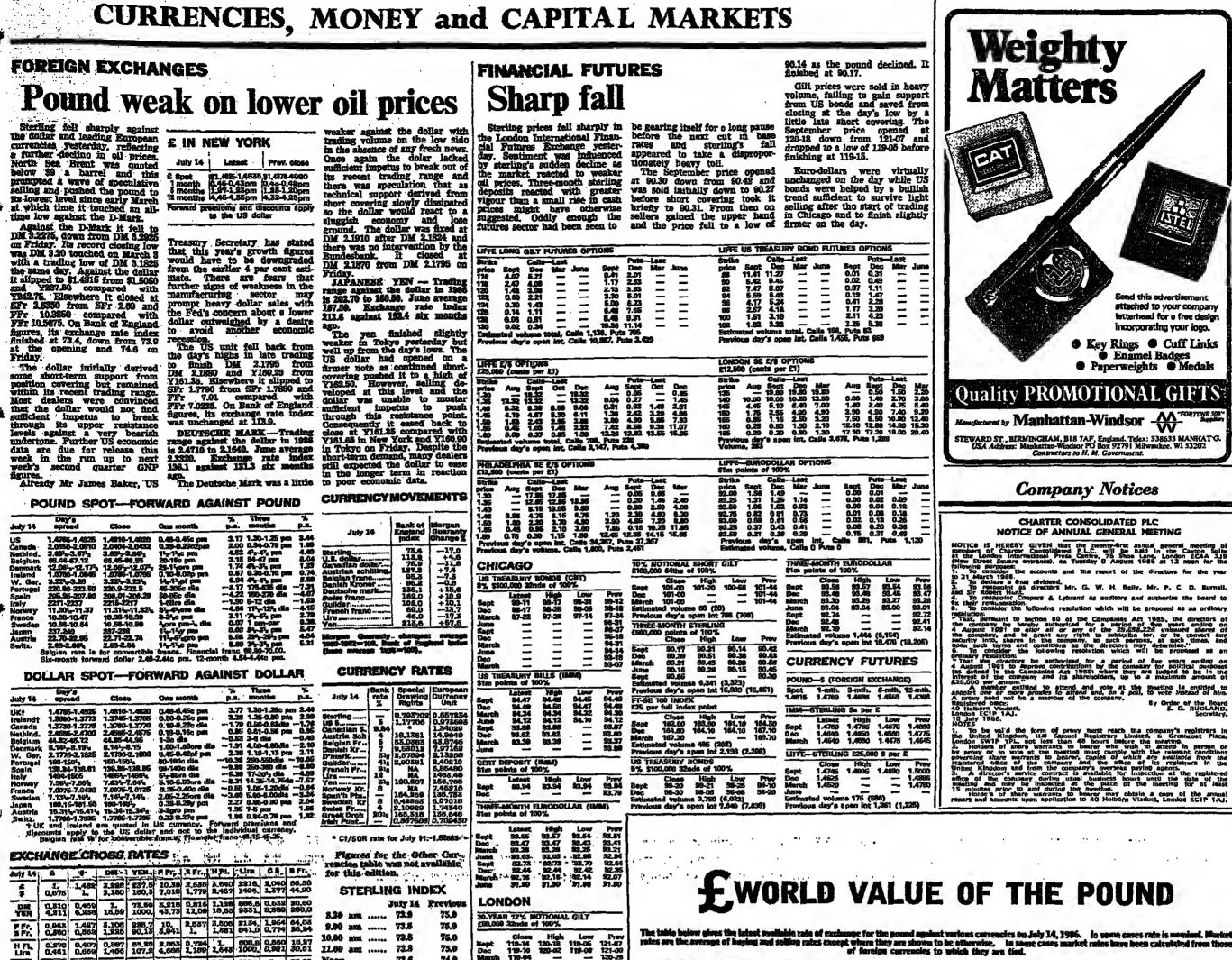
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Arab Heavy

Foreados (Nigeria)



Financial Times Tuesday July 15 1986

Day's spread

Day's

July 14

Nethind. Belgium Denmark Ireland W. Ger. Portugal Spain

Izniy Norway France Sweden Japan Auntria Switz.

UKt

Canada Nathind.

Nethind. Bolgium Deumerk W. Ger. Portugel Spein Italy Norway France Sweden Japen Austria Switz.

Switz. 1.7 TUK and

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The table below gives the latest available rate of exchange for the pound against various currencies on July 14, 1986. In some cases rate is nominal. Market rates are the average of huging and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied. The table below gives the latest available r

1,504	2,996	1,582	116,4	15,62	3,962	5.474	2228	5,068	100.
Yes per	1.000:	French	Fr per 1	o: Lin	per 1,0	ou: Belg	Fr per	100.	

#### EURO-CURRENCY INTEREST RATES

July 14	Short Serra	7 Days	Month	Months	Months	One Year
Storling Can Dollar D Guijdor Sw. Franc Peutschmrk Fr. Franc Italian Lira	850 070 010-550 014-810 550-870 834-5 41-4-7 718-714 9-103g	918-918 514-514 64-514 086-514 036-516 438-436 718-714 1014-1114	10-1015 64 616 615-810 05-816 415-615 415-615 715-714 10-1-116	10-1014 64-64 814-84 64-64 414-64 414-64 414-64 414-64 414-64 74-74 11-111	10-1018 618-618 859-858 859-858 859-858 859-858 418-858 418-858 714-758 1114-1118	918-301 838-838 818-838 958-518 475-5 488-434 714-776 1078-115
B.Fr.(Fin) B.Fr.(Con) Yen D. Krone Astag 5 (Sng)	714-758 7-718 438-448 844-944 648-644	714-756 7-710 456-415 9-916 640-634	710-730 7-710 411-454 BAg-914 612-611	714-716 678-738 468-441 618-614 618-614	7.714 676-739 4/6-468 014-984 6/1-618	7-714 078-718 468-416 012-10 032-00 059-634

EM	5 EUR	OPEAN	CURR	ENCY UNIT RATES
4.00	<b>PPR</b>	. 73.4	74.6	(32nds)-
3.00	PBL	. 73.5	74.6	Transmy 2004-08 less equivalent price of peer (utures contract) -4 to 4
2.00	pm	. 75.5	74.7	Previous day's open int 15,412 (15,311) Besis quote (clean cash price of 13%
1.00	pm	. 73.6	75.0	Estimated volume 14,908 (7,252)
Noon		. 73.6	74.9	March 119-04 120-26
11.00	-			Dec 118-70 120-02 118-08 121-00

Close High Low Prev Sept 119-14 120-18 119-06 121-07 Dec 119-10 120-02 119-09 121-09 March 119-04 - 120-25

75.0

75.0

75.0

olation available; (F) irre valu; (P) based on U.S. dollar pariting and going starling-dollar ratus; (T) bautst rate; (Bax) ha ordial rate; (ch) convertible ratu; (In) timusclei ratu; (cuS) anchange cortilizate rate; (uc) ann communcid rate; (mon) i (o) official rate; (sg) setting ratu; (c) controlled rate; es: (A) and t; (Bic) instans' rai P) (CB) (4 encial sate; (noor) a

					-	the second s						e
Ī	Short term	7 Days notice	Month	Months	Sec. Months	One Year	EMS EUR	OPEAN	CURREN	CY UN	T BATE	S
	850 0 10 010-550 014-810 550-810 234-3 4-1-4-2	918-918 513-516 914-818 06-518 03-956 438-458	614 ************************************	10-1016 61-611 81-84 61-611 418-611 418-611 418-611 418-445	10 1018 618-518 849-858 518-518 418-518 918-418	918-1018 838-64 838-64 838-88 838-88 838-88 838-88 478-5 478-5 478-5 478-48 458-48		Eou control rates	Currency amounts ageinst Equ July 14	% change from eestical rate	% change	
	415 414 718-714 9-1015 716-758 7-758 438-414 854-014 658-054	710-714 1014-1114 710-730 7-710 450-411 9-910 640-614	716-714 1034-1116 716-756 7-716 411-456 854-914 654-611	74-74 11-11): 57-75: 55-41: 55-91: 61:01:	714-746 1114-1126 7-714 676-719 46-466 014-984 6-6-618	74-74 1078-1159 7-714 078-758 468-416 032-10 659-634	Belgian Franc Danish Krone Germas D-merk Franch Franc Dutch Guilder Intish Punz Intiss Lira	7.91896	43,5746 7,87162 2,13258 6,85450 2,40270 0,708430 1463,46	+0.45 +0.65 -0.27 -1.55 0.30 0.49 2.19	+0.85 +1.05 +0.27 1.10 +0.10 -0.09 2.17	±1.6388 ±1.6408 ±1.1202 ±1.3701 ±1.6081 ±1.6081 ±1.6089
	Eurodolla for US D	per cent; fiv per cent; fiv cliars and J	spaneso Ya	er cent: 11 A per cent a; others, t	t nomiasi. wo days' n	7 <sup>1</sup> 5-775 per Short-term otice.	Chang work		cu, therefore ; justment celo			

## **MONEY MARKETS**

# Sterling's fall reverses sentiment

Interest rates ross in London yesterday, reversing Friday's outright purchases of eligible easier tone and once again errs. bank bills, \$22m in band 1 at 9f ing hopes of an early cut in clearing bank base rates. Friday's per cent, 55m in band 2 at 9ff clearing bank base rates. Friday's per cent and fl03m in band 2 at 9ff clearing bank base rates. Friday's per cent and fl03m in band 2 at 9ff clearing bank base rates. Friday's per cent and fl03m in band 4 at accommodative stance by tho 9ff per cent. Bank of England was forgotten as stering lost over 14 per cent of its value against leading cur-rencies while oil prices con-tinued to tumble. Three-month interbank money was guoted at 9ff-10dr per cent on Friday and the market's uncertainty

up from 9-10 per cent on Friday and the market's uncertainty was reflected in the yield curve out to one year which ended up fist. Overnight money opened at the day's high of 104 per cent and drifted down to 5 per cent before finishing at 7 per cent **NEW YORK RATES** (Lanchtime) Prima teta Broker loss rate Fed funds at

	The Bank of England forecast a shortage of around £250m with factors affecting the market in- cluding maturing assistance and a take-up of Treasury bills to- gether draining £608m and banks' balances brought forward 55m below target. These were partly offset by Enchequer transactions which added £55m and a fall in the note circulation of £25m. The shortage was later revised to around £300m and the Bank	Tressury Bills & Bonds One-month Two-month Sizemonth Ose-year Two-year Four-year Four-year Soven-year 30-year	5.70 5.93 6.07 4.16 6.56 5.77 6.50 6.90 7.10 7.25
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#### MONEY RATES

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July 14	ov'r-sig't	Month	Two Months	Three Months	Six Monthe	Lombard Is'v'tin
Frankfurt	4, 35 4,45	4.53-4.55	4.65-4.65	718.74	4.55-4.70 74-74	5.5 7
		411-44 671-6	Ξ	411 411 541 54	Ξ	1 =
Tokyo manana ana	1 7 ED .	115.12	Ξ	114-194 71-74	Ξ_	=
	07.05.	0.59.93	939-934	B5g-9%	81g-934	<u> </u>

913 per cent, and 16m in band 4 at 913 per cent. Late help came to g160m, making a total of £366m. In Frankfurt call money was quoted at 4.4 per cent from 4.375 per cent as liquidity levels were drained by a new round of tax payments. However there were few expectations of the Bundesbank acting to inject

9.00 ant ..... 73.8

10.00 am ..... 73.8

11.00 ant ..... 73.8

74

UK clearing bank base leading rate, 10 per cent since May 22

funds unless call money becomes considerably more expensive. Commercial banks are currently well placed to meet end-of-month minimum reserve requirements.

FT LONDON INTERBANK FIXING

(11,00 a	m. July 14)	Six months	US dollars
Three month	US dollars	bid 6 #	Offer 5
bid 6 tr	Offer 6 1	reference benks at	<u> </u>
means, rounded to	one the enthmetic the nearber coo- id and offered reme the market to five	day. The backs at ster Bank, Bank Bank, Bankus Nat Morres Guaranty	e National V of Tokyo, D Ionale de Pa

#### LONDON MONEY RATES

July 14	Over Aight	7 days notice	Month	Three Months	Six Months	
Interbank Sterling CDs. Local AuthorityDepos Local Authory Bonds	5-1014 93e-10	94-10 94-97	919-1014 945-104 945-104 945-94 945-94 101a	975-104 975-10 913-913 1016	918-10-18 07810 978 1018	1997 1997 10
Company Depos	6-97g 93g-10	94-10 978-104	91, 10-1014 10-1 914	914 10-101; 10	112	12
Trestury Bills (Buy) Bank Bills (Buy) Fine Tracis Bills (Buy) Dollar CD8	11111	Ē	987 1044 6.50-6.55	911 911 104 6.45-6.60	94 1018 5,45-6,50	
SDR Linked Depos	Ξ	Ξ	84-64 74-74	6 <del>464</del> 7 <del>4</del> 74	6 <del>13 616</del> 7 <del>16</del> 718	04-6 719-7

cent. Fixad

y Sille (sell): one-mosth Stag per cent three monthe Sta per cent (sell): one-month Stag per cent three months Stag per cent ille: Average tender net at discount 9.3007 per cent ECGO Fixed here IV reterence data Jase 4 to July 1 (issiusive) 8.824 per cent here IV reterence data Jase 4 to July 1 (issiusive) 8.824 per cent here Houses Bess Rate 10 per cent from July 1 1958. Bask Daposi uma at seven days' notice 4.35-4.375 per cent. Cartificates of Ter reter 5): Deposit £100,000 and over held atder the month 10 per here monts 10 per cent threa-bit monthe 9% per cent Star-nic per nent; elne-12 months 8% per cent. Under £100,000 Sk per cent withdrawe tiapositi of Tax 10 per

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COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	E STERLING
Spherister, minister	Afginal Lek	99.00	Change	Cedi	134.302	Pater	Balbao	1.4815
	Lek	9,7675	Cibraitar	Cedi Gibraltar £	1.0	Popua New Galance	Kinn	1.4411
Agerta	Dinar	7.2692	Greece	Drachast	208.41	Paragenty	Centerand	<b>[356.28 (10)</b>
DEOTTR STRONG	(French Franc Soundsh Pesson	30.3850	Greeniand	Denish Krone	12.07			12009.46 (7)
	Kowanza	46.1795	Grennia	E. Caribbena \$ Local Franc	4.0055	Perie	Inti Philliping Pres	exe(A)20.70(1) 29.83
ations .	E. Carthens \$	4.0055	Gung	U.S. S	1.4825			29.85
	Automatical	1.3367	Custowella	Quetzal	14815	Pitcaire Islands	E Sterling New Zonland S	2.7745
	Florin	2.67	Califica	Franc	504.39 (19) 252.91	Polant	Zioty	251.45
	Anstralian \$ Schilling	2.3048	Genera-Biseen	Peso	252.91	Portogel	Escudo	221.70
20125	Portnamese Estudo	221.70	Citrata	Gigmentate \$	5.5%	Puerto Rico	U.S. \$	1.4815
			Halti	Guerce	7.4075	Geter	Catari Ryal	5.4150
	Bahoma \$	1.4815	Honduras	Leropica HJK. \$	2.9838	Revenion Isle de la	French Franc	10.3850 ((cm) 6.73
latentic Islands	Dinar Scanish Pearta	0.5605	Hungary amount of the	Foriat	69.23	Roundat	Leu	(N/C) 16.59
	Taka	206.15				Recents	Revanda Franc	134.00
estados	Dertados S	2.98	iceland	Icelandic Kronn	61.6462	St. Claristopher	E. Caribbean S	4.0055
	Beltium Franc	(cm) 66.50	federesia	Ruchan Rupce	18.73	SL Helcne	St. fietum £	10
-		L(m) 69.95		Ruptah Risi	117.90	St. Locia	E. Caribbeau \$	4.0055
ellas	B\$	2.96	1080	trad Dinar	0.4758	St. Pierre	Local Franc	10.3850
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bed an	Beraudian \$ Ngalimm	1.4815 18.73	tarael	Shekel	2.23	Serioa American	U.S. \$ Italian Lira	1.4815
allyis	Bolhting Peso	(w) 2027551.0	Italy	Lina	2,216.0	Sin Tomé & Principe	Dobra	56.54
OCTAVER	Pula	3.1215	Ivory Coast	C.F.A. Franc	51925	Saudi Arabia	Saudi Romi	5.5573
	Crastado	20.50 (20)	Januaica	Jamaican Dollar	8.07 (10)	Several	C.F.A. Franc	519.25
ritial Virgin Lalends	0.8. \$	14815	Japan	Yes	237.50	Seychelles	S. Rapee	8,9954
	Branei Ş	3.2985	Jordan	Jordanias Digar	0.520	Sierra Leone	Leone	(a) 28.61
ulgaria	C.F.A. Franc	1.3965	Kanogches	Rief	N/A	Stagapore	Slogspore \$ Soloman Is, \$	3.2550
	Kyat	519.25 11.0652	Kenya	Kenga Shilling	23.70	Somell Republic	Sougel Shilling	53,334
mad .	Burned Frees	158.55		Australian S	2.3048	South Africa	Rand	3.8670
			Koree (North)	Won	1.3925	Spoin	Peseta	206.15
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amery Islands	Gunidan \$ Special Pestia	2.0418	Konsult	Munary Maile.	04040	North Africa	Peseta	206.15
ape Verde Islands	Cape V. Escalo	206.15	Lass	New Kip	53.8525	Sei Lanica	S.L. Rupte Sector 6	41.50
and a stands	Caynus Isles. \$	1271	Lebance	Lebanese £	60.03	Swinan	8. Culider	2.6445
tel. Alt. Republic	C.F.A. FINEC	529.25	Lesotho	Manuti	3.8670	Sentiland	2. Tengeni	3.8670
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nia Xica	Colos	(U) 84.6708	Malagary Republic	Portuguese Escudo M.G. Franc	889.5	Tanania	Tax. Shilling	59.70
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## Financial Times Tuesday July 15 1986

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Financial Times Tuesday July 15 1986 INDUSTRIALS—Continued   LEISURE—Continued	PROPERTY_Continued INVESTMENT TRUSTS_Cont.	41 FINANCE, LAND—Cont. MINES—Continued	
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233         335         45 lectus Will         200         525         31         37         124         200         380         380P Hides 100         165          150         222         36         176           500         388         Sketchar Win1         460          7.5         9.1         371         124         240         180         \$80P Hides 100         165          150         222         3.6         176           500         388         Sketchar,         460          7.5         9.1         221         262         222.3         305         802 tot 4.6         600          721         9.2         4.4         268         312         262         22.4         4.2         8.8         312         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.4         2.4         1.2         4.2         4.2         4.4         2.4         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2         4.2	Diamond         The state in the state	33       33       HN0C0 100       33	
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120     7.8     Unsgrup 150     107     1     1     433     355     Exclaptics     200	315         191         Constants         226         -8         6.5         3.6         1.7         252         286         191         -224         43         42.7         101           191         Constants	23     23     12     ITR Exercy     12	
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and         Tit         Prodentation         Sec         100         222         24         143         159         140         Best field         100         222         24         143         159         140         Best field         100         222         24         143         159         140         Best field         100         222         24         143         150         144         160         122         24         145         130         222         24         145         145         145         145         145         145         145         145         145         130         222         24         146         170         138         Bast field         166         130         222         24         146         146         147         130         222         24         146         146         146         146         147         130         122         24         146         147         130         122         24         146         147         130         122         24         146         147         130         122         24         146         147         130         122         130         122         131         121         133<	560         263         Db. Cap.         304         -1         31         15         33         1966         Stack         Price         -1         with 14         131        1        1        1        1        1         1966         Stack         Price        1         Price        1         -1         -1         -1	Central Rand     Central Rand       1P/E     725     316     fourban Deep R1     217     -2     Q100d     33     82       -     419     222     East Rand Pro. R1     241     -3     -2     -2       -     68     50     Egoli Com.     52	
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## LONDON STOCK EXCHANGE

#### Account Dealing Dates

Account Dealing Dates Option \*First Declara- Last Account Dealings tions Dealings Day June 30 July 10 July 11 July 21 July 14 July 24 July 25 Aug 4 July 28 Aug 7 Aug 8 Aug 18 \* "Nowcing" dealings may lake \* "Now-time " dealings may take less from 9.30 am two business days

serier. London financial markets were dominated by worries about sterliog yesterday. Government Securities fell sharply in the wake of a further suback in the pouod against stide io spot crude prices. Blue chip industrials were not immune and soon joined the retreat. Any lingering hopes of a reduction in UK hase rates were inched as sterling weakened the figures. Falls of 20 were seen in General Accident, et 842p, Guardian Royal, 842p. Sun 842p, Sun 842p, Guardian Royal, 842p. Sun 842p, Sun

retreat. Any lingering hopes of a reduction in UK hase rates were dashed as sterling weakened along with the Gilt-edged sector which recorded falls extending to over a point in the medium and lines reporting to almost 9 to over a point in the medulin and loses ranging to almost 2 polots in the longer maturities. Selling, bowever, was reletively light, the recation being largely triggered off by a heavy volume of sales of the Gilt cootract in the London financial futures markets.

triggered off by a heavy volume of sales of the Gilt cootract in the London financial futures markets.
 The first day of e bew Account in the equity sectors proved to be equally sombre. Potential buyers went to ground in the surrounding uncertainty and (eading shares moved progress(vely lower on occasional nervous offerings which found in the surrounding indications were sharpty lowar yesterday — affected sectiment in the late dealings and final quotations were around the day'e lowest. Redecting the extent of the fail, the Financial Times Ordinary elaze index closed 27.3. The failure of Lloyds Bank's came as no surprise, have at 1309.3, while the more broadly based FT-SE 100 ehares index dloped 29.1 to 1577.3. The failure of Lloyds Bank's came as no surprise, have at 1309.3, while the more broadly based FT-SE 100 ehares index dloped 29.1 to 1577.3. The failure of Lloyds Bank's came as no surprise, have at 1309.3, while the more broadly based FT-SE 100 ehares index dloped 29.1 to 1577.3. The failure of Lloyds Bank's came as no surprise, haily in response to takeover speculative positions were stowound.
 Despite the surrounding gloom, there were still a number of good rises, mainly in response to takeover speculation, while week-cod Press also included 428p prior to closing a couple of pence dearer at 422p in the wake of its unsuccessful bid for Standard Chartered, the maint, clearing banks driftd
 Apart from Lloyds, which touched 428p prior to closing a couple of pence dearer at 422p in the wake of its unsuccessful bid for Standard Chartered, the maint clearing banks driftd
 Apart from Lloyds, which touched 428p prior to closing a couple of pence dearer at 422p in the wake of its unsuccessful bid for Standard Chartered, the mainty clearing banks driftd
 Apart from Lloyds, which touched 428p prior to closing a couple of pence to pence to flower balfy at the fails of lower balfy at the fails of lower balfy at the state tor stating the diftere

Banks drift Apart from Lloyds, which fouched 429p prior to closing a couple of pence dearer at 422p in the wake of its unsuccessful bid for Standard Chartered, the major clearing baaks drifted lower in the abseoce of support. Falls of 8 were common to Barclays, 522p, Midland, 542p and NatWest, 512p. Merchant banks took a distinct turn for the worse. Morgan Grenfell fell 14 to 461p and Brown Shipley lost 25 at 515p; Kreditbank Lurembourgeoise has increased its stake in Brown Shipley to 25,5 per cent. Hill Samnel and Kleinwort Benson both shed 10, to 375p and 750p respectively, while Mercury International gave up 25 to 705p, Elsewhere, Good Durrant Marrar, a rising market recently on the Impala Pacific stake news, came back 14 to 155n.

Sterling weakness triggers setback in Gilts and equities

seen in General Accident, et 842p, Guardian Royal Exchange,		FINANCIAL TIMES STOCK INDICES										
Alliance fell 17 to 710p and		July	July	yest	Jety	-	744	2	86	Since Co	mpilation	
		12	ш	30	9	8	age	High	Low	High	Low	
depressed with Legal and	Government Secs	88.92	89.91	90.41	90.66	90.80	83.12	94.51	80.39	127A	49.18	
Abbey Life 6 lower at 190p; the	Flued laterest	96.13	96.87	97.12	97.16	97.16	87.50	97.68	86.55	150.4	(3/1/75) 50.53 (3/1/75)	
on Thursday. Lloyd's brokers	Crilling	1309.9	1357.5	1940.6	1533.5	1331.7	957.2	1425.9	1094.5	1425.9	49,4 (26/6/40)	
rency influences. Sedgwick rose	Gold Miles	196.4	198.1	205.6	202.4	197.3	399.6	357.0	192.3	734.7	43.5	
son moved up 10 to 428p. Hoge	Ord. Dir. Yield	4.22	4.14	415	415	418	496				1 TOP LUT I	
Robinson firmed 6 to 298p and	Earnings Ykt. %(full)	10.16	9.93	9.90	9.95						1 1.1. 70	
C. E. Heath 4 to 519p.	P/E Ratio (net) (*)	11.97	12.27	12.30						_	July 10	
Unilock staged a satisfactory market debut; the shares,	Total Bargales (Est)	27,705	30,448	28,527	28,555	32,750	20,495	Equity Bar Equity Van	sirs	151.5	147.6 172.4 1,613.3	
		1						S-Day Are	-	796 E	122.9	
trade, touched 69p prior to	Stares Traded (ad)	-	333.4	313.5	237.3	248.8	149.9	Equity Barry	alles	1784	136.3 175.4 1,282.0	
premium of 5.			11	a.m.			p.m.		7 0	p.m.	4 p.m.	
						1 <u>1</u>	319.8	1317.	2 1	315.4	1311.2	
among leading Breweries. Allied-Lyons, 330p, Whitbread						1/7/35, 6	ald Mines :	127955, SE	Activity 197	4 -148-21.5	7.	
	842p, Guardian Royal Exchange, 890p, and Royals, 842p. San Alliance fell 17 to 710p and Commercial Union gave up 7 to 311p. Life issues wera also depressed with Legal and General 7 down at 273p and Abbey Life 6 lower at 190p; the latter's annual results are due on Thursday. Lloyd's brokers moved against the trend on cur- rency influences. Sedgwick rose 8 to 338p and Stewart Wright- son moved up 10 th 428p. Hogg Robinson firmed 6 to 298p and C. E. Heath 4 to 519p. Unilock staged a satisfactory market debut; the shares, placed at 63p, opcoed et 674p and, in e reasonable two-way trade, touched 69p prior to closing at 66p, e firstday premium of 5. Persistent nervous offerings prompted double-figure falls among leading Breweries.	<ul> <li>842p, Guardian Royal Exchange, 890p, and Royals, 842p. Sun Alliance fell 17 to 710p and Commercial Union gave up 7 to 311p. Life issues wera also depressed with Legal and General 7 down at 273p and Abbey Life 6 lower at 190p; the latter's annual results are due on Thursday. Lloyd's brokers moved against the trend on cur- rency influeoces. Sedgwick rose 8 to 338p and Stewart Wright son moved up 10 to 428p. Hogg Robinson firmed 6 to 298p and C. E. Heath 4 to 519p.</li> <li>Unilock staged a satisfactory market debut; the shares, placed at 63p, opeoed et 671p and, in e reasonable two-way trade, touched 69p prior to closing at 68p, e first-day premium of 5.</li> <li>Persistent nervous offerings prompted double-figure falls among leading Breweries.</li> </ul>	842p, Guardian Royal Exchange, 800p, and Royals, 842p. Sun Alliance fell 17 to 710p and Commercial Union gave up 7 to 311p. Life issues wera also depressed with Legal and General 7 down at 273p and Abbey Life 6 lower at 190p; the latter's annual results are due on Thursday. Lloyd's brokers moved against the trend on cur- rency influeoces. Sedswick rose 8 to 338p and Stewart Wright son moved up 10 to 428p. Hogg Robinson firmed 6 to 288p and C. E. Heath 4 to 519p.       Government Secs	842p, Guardian Royal Exchange, 890p, and Royals, 842p. San Alliance fell 17 to 710p and Commercial Union gave up 7 to 311p. Life issues wera also depressed with Legal and depressed with Lega	842p, Guardian Royal Exchange, 800p, and Royals, 842p. Sun Alliance fell 17 to 710p and General 7 down at 273p and Abbey Life 6 lower at 190p; the latter's annual results are due on Thursday. Lloyd's brokers moved against the trend on cur- rency influences. Sedgwick rose 8 to 338p and Stewart Wright son moved up 10 to 428p. Hogg Robinson firmed 6 to 298p and C. E. Heath 4 to 519p.       Government Secs	842p, Guardian Royal Exchange, 890p, and Royals, 842p. San Alliance fell 17 to 710p and Commercial Union gave up 7 to 311p. Life issues wera also depressed with Legal and Abbey Life 6 lower at 190p; the latter's annual results are due on Thursday. Lloyd's brokers moved against the trend on cur- rency influeoces. Sedgwick rose to 338p and Stewart Wright son moved up 10 th 428p. Hogg Robinson firmed 6 to 298p and C. E. Heath 4 to 519p. Unitock staged a satisfactory market debut; the shares, placed at 63p, opcode et 67/p premium of 5.Finel interestFinel interest90.01 90.66Winkek staged a satisfactory premium of 5.Satisfactory market for the reaso able two-way trade, touched 69p prior to closing at 68p, e first-day premium of 5.Generamer falls among leading Breweries.In a.m.11 a.m.Noor 1327.7W Opening 1334.7In a.m.11 a.m.Noor 1327.7Day's High 1334.7.Day's High 1334.7.Day's High 1334.7.Day's High 1334.7.Noor 1327.7	642p, Guardian Royal Exchange, 800p, and Royals, 842p. Sun Alliance fell 17 to 710p and Commercial Union gave up 7 to 311p. Life issues wera also depressed with Legal and Abbey Life 6 lower at 190p; the latter's annual results are due on Thursday. Lloyd's brokers moved against the trend on cur- rency influeoces. Sedgwick rose 8 to 338p and Stewart Wright son moved up 10 th 428p. Hogg Robinson firmed 6 to 298p and C. E. Heath 4 to 519p.       Get Mines	642p, Guardian Royal Exchange, 800p, and Royals, 842p. Sun Alliance fell 17 to 710p and General 7 down at 273p and Abbey Life 6 lower at 190p; the latter's annual results are due on Thursday. Lloyd's brokers moved against the trend on cur- rency influences. Sedgwick rose 8 to 338p and Stewart Wright son moved up 10 to 428p. Hogg Robinson firmed 6 to 298p and C. E. Heath 4 to 519p.       God Mines       96.47       97.12       97.16       97.16       97.16         Unilock staged a satisfactory market debut; the shares, placed at 63p, opcode et 674p and, in e reasonable two-way trade, touched 69p prior to closing at 68p, e 6 first-day premium of 5.       10 a.m. 1334.7       110 a.m. 1327.7       111 a.m. 1324.4       11 a.m. 1324.4       11 a.m. 1324.4       11 a.m. 1324.4         W Opening 1334.7       10 a.m. 1324.7       110 a.m. 1324.4       11 a.m. 1324.4       11 a.m. 1329.8	B42p, Guardian Royal Exchange, 800p, and Royals, 842p. Sun Alliance fell 17 to 710p and Commercial Union gave up 7 to 311p. Life issues wera also depressed with Legal and depressed with Legal and depressed with Legal and depressed with Legal and Abbey Life 6 lower at 190p; the latter's annual results are due on Thursday. Lloyd's brokers moved against the trend on cur- rency influeoces. Sedgwick rose 8 to 338p and Stewart Wright son moved up 10 to 428p. Hogg Robinson firmed 6 to 298p and C. E. Heath 4 to 519p.       Fined interest States and Stewart Wright content of 5.       Base 196.13 (201)       90.01 (2016)       90.66 (2016)       90.90 (2016)       83.12 (2010)       94.51 (2030)         Unilock staged a satisfactory market debut; the shares, placed at 63p, opcoed et 67/p and, in e reasonable two-way trade, touched 69p prior to closing at 68p, e firstday premium of 5.       10 a.m. 1324.7       11 a.m. 1324.47       11 a.m. 1324.47       11 a.m. 1324.47       11 a.m. 1324.47       11 a.m. 1324.47       1 p.m. 1324.47       1 p.m. 1329.8       1 p.m. 1319.8       1 p.m. 1319.8	FINANCIAL TIMES STOCK INDICES         Store Royals, 842p. Sun         Alliance fell 17 to 710p and         Commercial Union gave up 7 to 311p. Life issues wera also depressed with Legal and Abbey Life 6 lower at 190p; the inter's annual results are due on Thursday. Lloyd's brokers moved against the trend on cur- rency influeoces. Sedgwick rose 8 to 338p and Stewart Wright son moved up 10 to 428p. Hogg Robinson firmed 6 to 298p and C. E. Heath 4 to 519p.       1309.7       1357.5       1940.6       1331.5       1331.7       97.36       97.30       97.36       97.30       97.40       8.32.2       99.451       80.99         Got Mines       1309.7       1357.5       1940.6       1331.5       1331.7       97.36       87.30       97.46       85.31       97.46       85.32       1094.51       80.99         Got Mines       195.4       198.1       198.4       198.1       203.6       202.4       197.3       994.5       1094.5	Prinancial Rayai Exchange, 800p, and Royals, 842p. Sun Alliance fell 17 to 710p and Commercial Union gave up 7 to 311p. Life issues wera also depressed with Legal and General 7 dowo at 273p and Abbey Life 6 lower at 190p; the latter's annual results are due on Thursday. Lloyd's brokers moved against the trend on cur- rency influeoces. Sedgwick rose 8 to 338p and Stewart Wright son moved up 10 to 428p. Blogg Robinson firmed 6 to 288p and C. E. Beath 4 to 519p.       Fine interest 100 Low       96.8       97.12       97.12       97.12       97.16       97.35       97.36       97.37       1425.5       127.47       1425.5       127.47       122.37       122.37       122.37       122.37       123.47	

### LONDON REPORT AND LATEST SHARE INDEX. TEL. 01-246 8026

firmer tone developed after-bours, losses etill extended to 25 as in Weolworth, 630p. Harris Queensway, 234p, W. H. Smith A, 290p, and Eurton, 234p, all ebed 10, while Marks and Spencer dipped 5 to 198p. Dixons, scheduled to reveal annual figures tomorrow, gave op 6 to 524p. Ratners, np to 177p in immediate response to the widely-anticipated excellent full-year results, met occasional profit-taking and reverted to unchanged on belance at 173p. Some onteworthy firm spots emerged among the more specu-lative issoes. Black's Leisure revived with a gain of 24 to 114p, while Lanca, the bandbag merchants advanced 5 to 49p. Electricals gave ground across a broad front. Eritish Telecom fell 8 to 198p, while similar losses were noted for GEC, 192p, Niessey, 220p, and BICC, 283p, Systems Designers slumped to 88p before settling 14 cheeper on balance at 92p following a downgrading of profits by brokers James Capel. United Leasing dipped 10 to 165p in reaction to the disappointing preliminary figures and proposed f82m rights issue. Press comment was responsible for a few firm spots, bowever, with First Security 124 to the good at 165p xd, and Demino Printing Sciences 6 np at 335p rd CASE, on the other hand, fell 4 to 65p the annual results are scheduled for next Monday.

added 3 to 137p. ICI, marked up to £10 initially on currency influences, drifted off in the absence of demand to close 6 cheaper on balance at 990p. Laportc remained on offer at 375p, down 8, while Wolstenhome Rink Jost the same amount at 220p. On the other hand, Coalite, bardened a couple of pence to 290p an per sisting hopes of a hid from I C Gas, while Evode firmed 3 to 128p in reply to the increased interim profits, Alida Holdings responded afresb to acquisition news with a gain of 17 to 255p. Diminishing prospects of Luxembourgeoise has increased the stake in Brown Shipley to 25.5 per cent. Hill Samuel and Networt Benson both shed 10, to 375p and 750p respectively, while Mercary International gave up 25 to 705p. Elsewhere, Goode Durrant Marray, a rising market recently on the Impala Pacific stake news, came back I to 115p, Losses among Composite Insurances extended well into Engineers came under increas-

PORT AND LATEST SHARE INDEX. TEL 01-246 \$026
 PORT AND LATEST SHARE INDEX. TEL 01-246 \$026
 Port and the provided of the previous Account following in terminated. Crown House edged interminated. Crown House edged is up to a 1986 high of 224p immediation of the previous Account following is a broker's "sell" recommendation, remained out-of-favour and dipped 10 more to 538p. BL fell 6 to 44p, while 578, BL fell 6 to 44p, while 578, BL fell 6 to 44p, while 578, BL fell 6 to 103p. In Properties, Land Secarities of the gave up 4 to 286p and Bowatres a mackiniosh lost a few peoce at 432p. Retailers moved progression size sively lower with J. Salasbarr closing 6 off at 388p and Tesco 2 cheaper at 373p. Elsewhere, suspended at 115p pending an announcement.
 Glaxo down
 International stocks failed to benefit from the fall in sterling. Glaxa closing 25 lower at 965p and Beerham 12 cheaper at 495p and States rose 25 to 525p and St market industrial sector, Staffordshire Particles advanced 10 to 155p.

results.

Glaxo down International stocks failed to benefit from the fall in sterling. Glaxo closing 25 lower at 9559 and Beersam 12 closaper at 4257 Haddwen added a penny more to 25,9. Textiles continued to present an irregular appearance. Com-tailds dipped 5 to 250, while potteries advanced 10 to 1539 to the agreed offer from Colorell which closed a couple of pence bows at 2109, Penson, a recent to drawn at 3259, Nerman Hay, the subject of persistent takerer speculation lat week, also came or offer and dipped 25 to 1559, while tailous dipped 5 to 250, while tailous dipped 5 to 250, while the warrants touched 100 present an irregular appearance. Com-tailds dipped 5 to 250, while to the spress of the present tailous dipped 5 to 250, while tailous dipped 25 to 150, bore subject of persistent takerer speculation lat week, also came with John Haggas had been transfer and dipped 25 to 150, the difficult of the present the laters that didicuisons with John Haggas had been transfer and dipped 25 to 150, the calling. In- contrast the increased press differ from Correct the attransfer difficult of the pressing the takers responded to a newsletter responded to a newslette

an isolated bright spot in the Leisure eector, firming 6 to 127p ahead of today's preliminary Oil majors steady

had little impact on the oll majors which continued to hold up well reflecting the latest fall in sterling. BP, the subject of a buy recommendation from De Zoete and Bevan, were only a fraction caaler et 563p, while Shell managed a marginal gain at 780p. Other oils, however, proved less resilient and Briteni gave up 6 to 141p, LASMO 7 to 581, after 85p, and Tricentrel 3 to 45p. Eurmah were persistently sold and settled 11 cheeper at 402p. 402p.

402p. South African Gold shares showed only moderate falls in sterling terms—a reflection of the latest setback in the pound the latest setback in the pound the latest setback in the pound against the dollar — but the underlying trend in the sector was ooa of marked weakness. The slide in sterling cushioned numerous hefty losses in dollar terms, which were triggered by a decline in the bullion price and another bout of weakness in the Financial Rand. The latter retreated to a record low of retreated to a record low of around 19.75 cents against the

retreated to a record low of around 19.75 cents against the dollar during the afternoon. Selling pressure in Golds, which was edditionally encouraged by the build-up of polltical pressure on the South African Govern-ment, came from most Inter-national trading ceotres and shares prices generally cnded at or around the day's lowest levels. The Gold Mines inder, calcu-lated in sterling terms, fell 1.7 to 196.4, while bullion gradually gave ground to close a net \$2.5 off at \$345.5 an ounce. A generally nentral perfor-mance by overnight Sydnev and Melbourne markets was followed by a good rally in the Australian dollar against sterling and "down-under" issues picked up to closs with widespread gains. Golds, a firm market In Austre-lla. were well supported in London and provided features In Central Norseman and Gold Mines of Kalgoorlie which rose 12 apiece to 347p, and 375p respectively. Among the junior gold stocks press comment prompted demand for Jason Mining, 3 up at 35n and Julia Mines, 2 harder at 26p. The top diversified issuee drew particular Mines, 2 harder at 250. Ine top-diversified issuee drew particular strength from sterling'e fall against the Australian dollar. Rises of around 6 were common to CRA. 2540, Peko-Wallsend, 2220, and Western Minlag, 1320.

## **Traded** Options

EUROPEAN OPTIONS EXCHANGE Feb. Vol. Last Vol. Last Vol Last Sheet 2 15 4 4.80 0.50 **534**6 20 4.50 350 Dec SILY CONLOC 541 Bv 194 35 5505 25 10.50 7.50 FL36625 1.30 2.50 4.30 10.50 \*"ENSating 111111-1 15 19 19 19 19 19 170 FL246.55 7.20 180 250 490A 8~ \$L \*\* 0.50 1.70 3.40 5.30 7.50 3 DM.218.75 July Ôct. -8 1.90 0.20 6.50 3.50 41 41A 44 111 20 7.50A FL606 1992191 450 FL106.20 F. 13 180 7.10 7.70 2.60 3.70 4.90 \$479741 25 11.50 35 9508 79 530 12000000000000 22222 FL165-30 FL79.60 1 1350 FI.110.80 R.56.80 6 10.10 95 10.50 150 3 550 550 9.70 52 FL175 285 050 132133523 7.20 0.90 2.10 5.90 30 8.50 FL<u>111</u> 913 0.10 1.90 1.20 3.50 4.50 0.19 3.60 0.19 188 120 53 650 FI.46.30 NEDL C AEDI, P BATR C NATN A PHIL C PHIL P RD P RD P RD P RD P RD C UNIL P FI.166.50 FI.85.50 6.50 2.58 4.80 4.40 2.608 2000 1121 223222 190 5.97 8.50 9.70 FL51.50 Fi.190 34 3.50 136 19.50 33 4.90 FL93.40 FL199 33 36 22 2K IN CONTRACTS: S1,767

#### YESTERDAY'S ACTIVE STOCKS

C-Cell

P-Pet

A-Ast B-BW

Above average activity was noted in the following stocks yesterday

10D	No.of Stock Amber Oay Blua Arrow Bulmar and Lumb Claytom Warranta Coate Viyells	Fri. price 17 364xd 92 70 496	Day's change + 0'z + 9'z 18 	Ratnese Standard Systeme Textured	No.of changes Industries Chartered Jeregners Jarecy	475xc 173 718 92 167	0ay'a change 31 57 14 11	
to i	Paerson	528	-25		Jaracy	4812	÷ 45	

#### FRIDAY'S ACTIVE STOCKS

#### Based on bargains recorded in SE Difficial List

Stock changes Sid, Chartaned 33 Absco Invests, 27 Pantiand Inde, 26 Bolhavan Braw, 21 British Telecom 20 Boscham 16	Closing ctoss 775 88ar £10% 84 206 435	0ay'a change + 8 2 2 + 1 + 2 2 + - + - + -	Stock Bluebird Toys Gritoil Ferguson (J.) Raina Industa. Giazo	19 18 18 18 17 17	Closing price 206 147 115 82 990 375	0ay'e change - 3 + 17 - 10 + 15
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RISES AND FALLS YESTERDAY

1111 14. 14

	Bisee	Fans	Same
British Funda	-	111	1
Forsian Bonda	4	38	29
Industriala	301	38 362	639
Financial and Properties	115	130	3.2
	28	21	69
Plantationa	1	1	13
Mines	64	40	8.2
Othera	126	48	77
Totals	639	751	1.442

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## FT-ACTUARIES SHARE INDICES

42

added 3 to 137p.

These indices are the joint compliation of the Financial Times,

ad the Excelte of Actual the Institute of Actuaries

	EQUITY & SUB-SI				Met	iday J	uly 14	1986		쁖	111	3	
Figures in parentheses show number of slocks per section				of Inde No.		Est. Earning Yield N (Max.)	Yest,	Est. P/E Ratio (Net)	uri adi. 1966 to date	kades No.	Haden No.	(ndea No.	intes No.
L	CAPITAL GOOD	S (212) .						15.07	9.26				
23	Building Materia Contracting, Core	5 (26)	(20)				3.51	14.55	11.47	821.87		818.57	
í	Electricals (12)	ouncered.		1869.		7.75	4.67	16.81	33.22			1865.67	
5	Electronics (38).	-		1604.				14.06	12.41			1663.24	
b	Mechanical Engli	neering (d	51)	405				13.37	644		418.47		
5	Metals and Metal	Forming	(7)	350				15.4	5.61	354.91			168.9
ő	Motors (16) Other Industrial #	al relation in the	(22)	305.				13.53	3.78	310.61			152.91
ĭ	CONSUMER GR							15.99	17.2%	931.57			636.91
2	<b>Brewers and Dist</b>	lilers (22	)	927.	13 -1.9			13.12	1125				611.8
5	Food Manufactur	mg (22).		685.		9.21		14.10	12.29	685.40			462.8
5	Food Retailing ()					6.20		21.82				1831.48	
9	Health and House Leisure (28)			) 1543. 895.		5.41		21.78	18.83	1571.98 914.74	1571.25 920.61		994.64
2	Publishing & Prin	ting (14)				7.4		17.36	43.45		2585.50		1715.6
3	Packaging and Pa	per (1,4)		480.	55 +0.1	6.87	3.30	18.97	6.75	450.08	482.99	479.53	326.53
	Stores (39)						2.85	19.59	18.49	885.87	884.97		635.17
5	Textiles (17) Tebaccos (2)			544.3	7622 9927	9.56		12.12	20.60	559.27	255.43		320.00
i	Tobaccos (2)	5 (88)		773				14.78	8.50	786.82			
2	Chemicals (20) Office Equipment			922	4 -0.5	9.90		1225	17.64	927.38	915A5		689.3
	Office Equipment Shipping and Tra	(4)		254.	10 +8.4	7.32	4.01	16.53	4.59	252.94			183.42
-	Telephone Netwo	report (1)	5)	1484.	5712 1132	7.77	4.19	16.20	253	1505.00			1105.8
3	Miscellaneous (4)	9)		1066	-11	6.33		19.78				824.78	
)	INDUSTRIAL G	ROUP(45	3)			8.27		25.45			854.61		608.4
	Of & Gas (17)		and and the state of	1176.	78 -0.2	17.38		6.89				1169.53	
)	500 SHARE IND	EX(500)		879.3		9.16	3.89	13.69	13.12	\$83.13	883.79	\$17.29	650.97
1	FINANCIAL GR	DUP (117	Ŋ	- 611.9		-	4.37	-	11.21	620,84			447.53
2	Banks (7) (nsurance (Life) (	(0)		885.		26.86		6.23	14.63	665.19	662.30		
5	Entrance (Comp			490 7		1 =	422		17.27	994.04	963.78		714,83
7	Insurance (Broke Mercham Banks	rs) 19)		1162	17 +1.3	8.99		14.55			1164.68		1030.35
	Rechard Banks	12)		349.			511		4.56				225.21
	Property (50) Other Financial G	23)		363		5.41		24.49	14.81	807.14 346.07			513.53 264.34
	Investment Trusts	. (101)		759.3			2.95	-	9.71	760.65	_		544.65
	Mining Finance G	2)				23.75	6.12	8.48	6.11	263.92	267.62	278.21	263.57
	Overseas Traders ALL-SHARE IND	(14)	And the other Designation of the local division of the local divis			11.26		10.53	19.63	682.78	685.49		614.79
	ALL STARL HIL	EA (7.34	/	_	_	<u> </u>	3.97	-	-	805.36	-	799.88	599.00
				Index No.				July	July 20	Jaly 9	Juty 6	July 7	Year
	FT-SE 100 SHAP	E INDE	K #	1597	3-29.1	1621.9	1597.3	1626.4	1626.7	1614.6	1579.0	1631.0	1243.4
	FD	(ED	INTE	REST			AVER		NSS YIELDS			L 使 王	Year ago (approx.)
-	PRICE	Mon	Day's	Eri	ad anti-	vel ad].		sh Geven				_	
	INDICES	July	change	1 1 1	today	1966	2 Coope	ns 1	years		119	7.95	10.16
_		34	%	"		io date	3	2	years		5	部	30.19
	British Government						4 Media		years		1.56	9.35	11.57
- 1	5 years	122.17		122.78	- 1	6.45	5 Coupe	#S 1	5 years		9.61 9.61	2.44	30.55
	5-15 years	140.53		142.80	- 1	4.90	7 Nigh	1	5 years		9.76	9.65	1813
	Over 15 years	147.14		149.07	- 1	7.57	6 Coupe	ns 1	years		9.75	9.59	10.70
ł	Irredeemables	163.36	-1.49	165.83	- 1	7.27	9 10 Irred	2	years		9.41	9.65	10.25
5	Ali stocks	136.66	-0.92	137.95	-	6.92		-Linked		T	9.20	9.05	20.85
1	hodez-Linkof					_	11 Inflat	a rate 5%		yrs	3.92	3.76	6.0
5	5 years	112.72	-0.32	113.08	- 1	1.18	12 Inflat		Över		353	3.49	0.5
7	Over 5 years	115.41	-0.67	116.18	- 1	1.77		n rate 107		Syrs	2.99	2.43	0.0
	All stocks	114.96	-0.61	115.60	- 1	1.66	14 Inflat	_	-	_	3.36	3.31	0.0
ł		100.00		100.04			15 Dets		5 years 25 years		2,94	9.74	11.80
11	Cabactures & Lozos	120.04	-0.64	121.06	_	5.82	17		25 years		19.42	1826	1158
Ŧ													

80pening intex 1621.7; 10 am 1616.9; 11 am 1614.7; Noon 1612.4; 1 pm 1608.9; 2 pm 1606.7; 3 pm 1605.4; 3.30 pm 1600.0; 4 pm 1579.0

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Securday issues. A new fist of constituent is analiable from the Publishers, the Floancial Times, Bracken House, Cannon Street, London ECAP 48Y, price 15p, by post 28p.

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and Minerals, Newman Ind tries, Abaco, Arthur Lee, Piese Hanson Trust, S. and U. Stor Associated British Engineeris Raine Industries, United Scien fic, Parkfield Group and Noitu No puts or doubla options we reported. Received pressure on oil prices

	LOWS FOR 1986	LONDON TRADEO OPTIONS															
NEW NIGHS (98) AMERICANS (8) Brunswick, Colfed	Tst, Merler Ests, Mountleigh, New Cavendish, Priest Mariana, Prop &			1	CALL		1	PUTS					CALLS		<b></b>	PUTS	
Gillette ITT Corp Pacific Gas &	Reversionery Inv. Property Truet. Samuel Propa, Trenchorwood, Utd Real	Cotton:		34		-	147		Jan	Option	1	Aug.	Nov.	Feb.	A#9.	New.	_
c, Pacificorp. Quekar Data, Trans- rid. SAMES (3) Algemens, Chan- ry Soca, Wolls Fargo, BREWERS (3) Cikay's Brow, Macdonald Martin A	TEXT LES (7) Atkins Bros, Basics (J.). Bulmor & Lumb, Burmster, Pains Gro.	Alited Lyons	. 300 130 360	202	45	55 38 20	1 8 33	1 1 1 1	e 25	P. L. Q. (~176)	460	43 17 4 2	573327	48.27	11 50 IL	11 22 63 107	37
ddie (G.). BUILDINGS (5) Ameilife, uglas (R. M.). Tilbury, Wastbury, loon (Connolly). CHBMICALS (3) wilto, Coates Bros A N-V. Mysu.	Readicut, Toray, TRUSTS (10) Equity Consort, Inv in Success, Robeco 16r), Do Sub She, Rolinco NV, Oo Sub She,	· 8.P. (*5639	500 550 600	65	75	9053	1		10 27 57	Recei	380 200	14	26	34	e 20	107 30 22	12
alita, Coates Bros A N-V, Flyau, ORES (8) Growna (C.) Car, Elita & Idatoin, Lincroit Kilgour, Ramar Itilas, Rainars, Wickes, ELECTRi-	Stawert Enterprise, Authority Inv. M & G Group, Perrish (J. 7.), MINES (5) Essentet, Jason Mining, Julia Mines, Sona of Gweila NI Anto-Deviator	Com. Cold (*436)	420 440 500	24	47 20 11	2 7 8 2	40 -3.34 70	22	55 55 54	R.T.Z. (*589)	500 600 650	-	Renza	8357		TOPN	2155
rtises, Rathers, Wickes, BLECTRI- LS (1) Toshibs, BININERING (4) ons, Esdis, Priset (8.), Do Spc Criv Apri, Wollman, FOODS (4) Cheshirs	Sona of Gwella NL, Angla-Dominion, NEW LOWS (25) BRITISH FUNDS (5) Trasa 3pc 1991, Canv 10pc 1995, Canv 9pc 2000 A, Canv 9pc 2005, Trasa Spc 2008.	Courtantidas (*206)	260 280 300 330	26	3620 14	S.	1	5	9	Vani Parets (*3500	700 50 60 70	1	18	872 574	122 13 22 v	122 6 15 23	122
olefoods, Jacob (R. & W.), Park d, Sefeway. INDUSTRIALS (16) loc Brit Eng, 00 Spc Cum Cv Red Pf.	AMERICANS (1) Utd Tach. BANK& (1) Ras Gros. STO SER])KDAS1ETADIN	Con. Unice	280	1	•	22 14	30 40 1		<del>7</del> 7 30 -	Tr. 114% 1991	79	1 0%	18	214	2140 5	23	1-
	A. ELECTRICALS (1) DAKS Simpson A. ELECTRICALS (2) Powerline Int, Unitsch. FOODS (1) Glass Glover.	(*312) Cable & Wire	300 330 600	13 2 90	38 27 14	57 24	20		14 20	Trailing (	112	04 04 24	5 452	1 - 1	파	311	
revenues, and burgen oundry, closer, ep Truet, Low & Boner, Nu-Bwilt, ch Component Inde, The Times neer, Thermar, Tiphock, INSURANCE Bowert Wightson, Torchmerk, Utd	Unitech. FOODS (1) Glass Glover. HBDLSTRIALS (2) Oinkie Heel, Traisiger House. NEWSPAPER2 (1) Portemouth & Sunderland. PAPER (3) Sastchi A. Sastchi, Valin Pollan Ist.	(*665)	650 700 750	10	120 77 15 20	10033	3 M	302 40 TO	5255	100	112222	2111666	2224	1945	118466	234075	4.4.4
PER (1) Shandwick, PROPERTY (18) on (P.), Clayform Props, Ewart New	LCA. THUSTE (2) Lance & Lon, Planto- tion Trust Warrants. DiLS (2) Jackson Espin, Jakaons Orifing. MiNES (4)	Distillers (*7400	400 650 700	1000	話る	111	124	30	Ξļ	Optics	-	Sep	Dec	Har	Sep	) 651 Oes	III
them. Five Dake Invs. Frogmore 1. Henover Inv. Lon & Edinburgh	Mariavata, Buffata, FS Cons Gold, Gond Fiolds SA.	(*192)	180 200 220	14	240	325	1 30 30	5	8 18 34	Conductor (~421)	360 390 420 460	70 48 23 12	P:972	97.52	2724	182 P	720135
		Grand Met. (*3850	22222	19	77	59 1 993	9 45	23	15 	Beats (*236)	220 240 260	2013	L L L	30	25m	22	30
BASE LENI	DING RATES	1.E.I. (*996)	222	147 97	160	182	22		7	67R (*310)	307 310 333	20 	55 16	101	15	818	130
ABN Bank 19 Allied Arab Bank Ltd	Equatorial Tet Corp. plc	Land Sec.	300	13	RS S	105 72	4 37		588	6aas (*765)	750 800 850	47 28 10	RON	839	20 47 95	100	× 88
Allied Dunbar & Co 19 Allied Irish Bank 19 American Express Bk 19	First Net. Fin. Corp	(*3398 Maris & Spen.	330	10	222	291	133		3557	Bine Circle (*638)	600 653 700	40 15 6	69,967	80 58	1200	882	2855
Amro Bank 19 Henry Ansbacher 19 Associates Cap Corp 19	Robert Fleming & Co	7+1977 Shaft Trans.	d 285	19-10-22	28 16 7	12 × 12 M	157	22	27	De Beers (*\$683)	8522	7971	100 70 53 40			12984	報た
Banco de Bilbao 16 Bank Happalim 10	• Guinness Mabon	(*776) Traialger House	750	56 7	49 30	200	252	4	14	Cinese (*324)	750 580 580	11 22 14 3	40 42 20 20 20 20 20 20 20 20 20 20 20 20 20	- 232	125 19 38	135 30 24	15
Bank Credit & Comm 19 Bank of Cypres 19	• Hill Samuel 19 C. Hoare & Co 19	(*2512)	300	821	NS.	2019	722	AUN		CHCH (*351)	360 300 350 360 390	3	12		38 3 7	4	49
Bank of Ireland	Hongkong & Shanghai 10 Knowsley & Co. Ltd	Loarba	236	Aug. 30	Ner. 30	N.	Am 72		-	Chan			17 12 X 12	22 36 19	18 40	124	24
Bank of Scotland 19 Banque Seige Ltd 19 Barciays Bank 19	Lioyds Bank	(725)	8202C	1012	13	14 12	2 I I 18	- 12		Class (*960)	5886 5886 5886 5886 5886 5886 5886 5886	8222	110 90 70 30	120	8888	40 75 105 140	80 110
Beneficial Trust Ltd	Midland Bank	Cptien		-	Nov.	 Feb.	Aog.	Nov. 1	Feb.	Hanson (*161)	135 150 189 189	****	-	-	1	_	
Brown Shipley 19 CL Bank Nederland 19	National Bk of Kuwait	8nk Aeru (~483)	<b>\$</b> 88	815 e	888	888	280	20 1		100mm			19179	1825	202	4128	뵹
Cayzer Ltd 19 Cedar Holdings 11	Northern Bank Ltd	BAT ints (*995)	222	82.	55 15	846	2824	515 T	5	Thorn EMI	222 222 22	57 39 15	893 10 10	80 57 75	12 12 23 25 12	22 43 72	21477
Charterhouse Bank 19 Citibank NA 20 Citibank Savings 7164	PE Finana, Inti (UE)	Berclays (*S22)	460	2 72 37 10	17				<u> </u>	(~449)	288	wage.	60 X 15 X	1 212	ដឹងលង	13 35 35	58
City Merchants Bank	Rozburghe Guarantee	Brit. Telecam	559 190 200 220		30 30 27 7	32		47 1 16 1 28 3		Tesco (*376)		BÝ				_	1 122
Consolidated Credits	Standard Chartered	Cadary Schweiger				14 31.5	4	7	9	Option	-	1 30 Aug.   Si		_		_	-
Co-operative Bank	United Bank of Kuwait 10 United Mizrahi Bank 10 Westnar Banking Corp 19	(*175)	340 150 200 500		20115			2 -			58	-		- 1 -		-	╋
Buncan Lawrie	Whiteaway Laidlaw 1912 Yorkshire Bank 19	(#362*)	90 119 30	72 42 20	11 X X	1 1 1 72				F7-SE 1250 Index 1575 (*1579) 1600 1625 1600 1675 1675	58 30 20 90 3	53272015		2 1		23572	578
month 6.03%. Top Tier-625,000+	amoittee. * 7-day deposits 5.69%. 1- at 3 months' actice 9.72%. At call t Call deposits £1,000 and over 64%	(*355)	20 27 27 20 27 20 27 20 20 20 20 20 20 20 20 20 20 20 20 20	57 78 28	103.30			10 1	6 5 7.		1	=   :	=   =	-   畳	8  =	1=	1:
	mand deposit 5.82%. Mortgage 11%.	LASNO (*85)	90	11	30 12		10 16	14 1	5	July 14. Total	contract *Uca	tertying	72 Ga	ils 10,8 prise	26. Pr	a 6,21	6

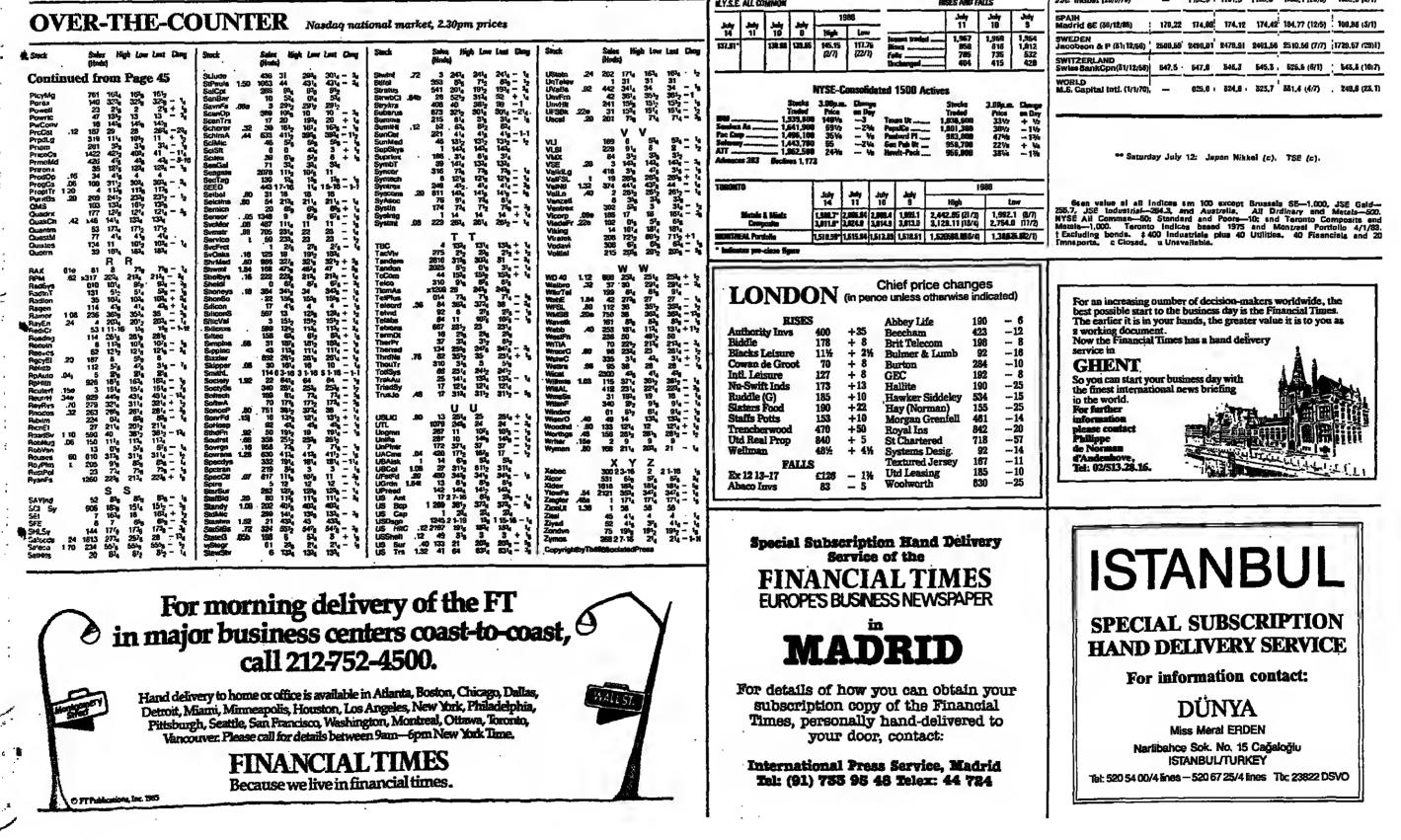
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## WORLD STOCK MARKETS

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		Wagons Lits	Rosenthal	Cardo (Ene) 505	Bank East Asia 17,7	Stomo Chem_ { 45018 Stomo Chem_ { 97018	750 Brussevi; \$123, 121, 123, -1, 43022 Echo Bay \$201, 201, 201, -1, 22600 CAE \$121, 121, -1, 1000 Emco \$303, 303, 303, 303, 303, 303, 303, 303	1 2100 Not Can& 1 59% 9 9 - % 25000 Total Pat 5257 253 253 - 1
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		1.5.5.5	Centrale	SWITZERLAND	Shell Elect	Toyo Seikan, 2,850 }50	155663 CP Ltd 3169, 184, 184, 184, 4 1150 GuarPA 1 3124, 124, 28137 CTme A 1 \$151, 15 13 -1, 31721 Guil Gan \$147, 145, 145, -1,	400 Pulieul A 1 3131₂ 131₂ 131₂ −1₄ 15287 Walkor A 5363₀ 351₄ 367₄   390 Pune Point \$91∞ 91₅ 91∞ +1∞ 8769 Wccast 7 3135₅ 131₂ 131₂ +1∞
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	••	Accor	July 14 Price . + or	Landis & Gyr 1,810 +30	Bank Tokyo	Cold Storage 3.1 +0.1		
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Instrumentant       State		Eil Aquitane 289,2 +4.2 Estior	EISOVIER-NDU B16.1' +0.9	Zurieh Ins	Fujitawa	Singapore Press. 7.7 : +0.1 Straits Trig	Cultures 280.94* 204.09 209.54 199.00 198.23 198.95 284.00 169.47 284.08 18.5	
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Mill Jilling III.       HOI       HOI <td></td> <td>Lefarge Coppae. 1,820   +5 L'Oreal</td> <td>Hoodevens</td> <td>July 14 Aust &amp;</td> <td>Nitachi Gredit- 2,130 + +0</td> <td>  Price   + or</td> <td></td> <td>CAC General (\$1,12/82) (a) \$74.10 572.5 388.2 411.3 (15/5) 287.5 (2/1)</td>		Lefarge Coppae. 1,820   +5 L'Oreal	Hoodevens	July 14 Aust &	Nitachi Gredit- 2,130 + +0	Price   + or		CAC General (\$1,12/82) (a) \$74.10 572.5 388.2 411.3 (15/5) 287.5 (2/1)
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Pury dot 6.A.       877       + B       Radio toch       55.5       + 0.0 st       Kiris       -1.0 st       -1.0 st <th></th> <th>Petroles Fra</th> <th>Pakhoad</th> <th>Bell OrouDurgen 7.9</th> <th>Kajima</th> <th>Barlow Rand and 18.6</th> <th>المحالي المحالي المحالي المحالي المحالي المحالي المحالي المحالي</th> <th></th>		Petroles Fra	Pakhoad	Bell OrouDurgen 7.9	Kajima	Barlow Rand and 18.6	المحالي المحالي المحالي المحالي المحالي المحالي المحالي المحالي	
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Marting		Setimog	VMF Stork	Burns Philp 0.68 -0.18	Kutnagal di mini -842 - +1 Kyocara, manini 4.050 - +9h	Gold Fields S.A. 7 42.78 +0.75 Highvetd Steel - 7.00 +0.05 Malcor - 10.6 ( +0.1	Competito :: 239,34* 242,22* 243,01 242,02 241,56 244,05 252,79 203,49 252,70 4.4g	ANP.CBS General (1970) 294.5 294.4 292.9 298.8 294.4 (11/7) 840.4 (5/5)
Office Amount Pot         0.83         40.9         Model Selica         851         +18         Rust Pist         41.0         +1.0           NOTES-Prices on this page are as quoted on the Individual action of A***********************************		Thomson (CSF) 1,417 +41	Wessanen	C\$R			July Jenne June Year Age (Approx)	
NOTESPrices on this page are as quoted on the individual consolidated Pet D.16         Image: Automatic cons				Goles-Myer 5.10 1 4-0.00	Mela Selica	Rust Pist		Oslo SE (4/1/68) 368,41 348,38' 367,60 848,42' 402,81 (18/1) 348,39 (11/7)
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Prices at 3pm, July 14

## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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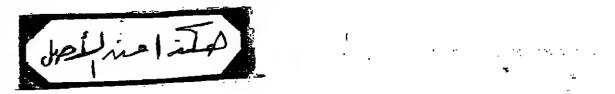
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**FINANCIAL TIMES** WORLD STOCK MARKETS

#### WALL STREET

## Sour start to reporting season

THE CORPORATE reporting season started the week on a sour note as Wall Street recoiled swiftly yesterday at poor results from market bellwether IBM, writes Paul Hannon in New York. Diaappointment with IBM's results

unsettled sentiment, despite the cut in the prime rate on Friday by the leading banks, although the bond market firmed with gains of up to a % point among key

At 3pm the Down Jones iodustrial av-erage was down 23.77 at 1,797.66.

The unexpected poor second-quarter showing by IBM, which retreated \$2% to \$141 in beavy volume, prompted a broad retreat among high technology stocks initially and the wider market later.

NCR dropped \$1% to \$50% despite its higher second-quarter figures, Digital Equipment weakened \$1% to \$67, closely followed by Hewlett Packard's \$1% fall to \$38%, Cray Research traded \$2% lower to \$88%.

Among ather blue chips, GM lost \$1/2 to \$75 nn its intection to cut capital spending for the oext few years. ITT retreated

870.33

FT-A 500

883.13

650.61

\$1% to \$55% and GE slipped \$% to \$78 after announcing plans to restructure its turbine buainess.

A batch of figures in the hanking sector did little to bolster confidence. A surge in six-month earnings for J.P. Morgan had little impact as the stock eased \$1% to \$85%. First Chicago, also reporting higher results, held un-changed at \$30%. Chase Manhattan managed to trade steady at \$40% in thin volume on higher earnings. Chemical New York's poorer second-quarter re-sults prompted it to fall \$1 to \$47%.

Ford led the Detroit car makers with its \$1% advance to \$53%, while Chrysler dipped \$½ to \$35%. American Motors was unchanged at \$4%. Car components group Dana Corp dropped \$% to \$31% on weaker second-quarter profits, despite higher sales.

Other features included beavy trading in Safeway Stores after last week's hid by Dart Group. Safeway dipped \$1% to

PepsiCo declined \$1% to \$40% in active trading on its plan to purchase the international operations of Seven-Up from Philip Morris for \$246m. Philip Morris edged \$% lower to \$72%. Coca-Cola lost \$1 to \$40%.

NL Industries, the diversified petroleum services group, added \$% to \$15% after the board rejected as inadequate the tender offer made by an affiliate of Mr Harold Simmons.

Texas Eastern, the gas pipeline group, dropped \$3% to \$30% on accounting changes that will cut year-end earnings by \$139m. Panhandle Eastern firmed \$1/4 to \$6% in beavy trading.

6.549 100 % 6.723 7.174 99 7.2

Price Yield

92% 6.08

106% 9.59

102.6 8.35

104% 6.42

92% 8.84

97.78 9.60

Pres

100-11 98-31 99-12

94.54 94.45 94.48

\$3.94 \$3.94 \$3.94

93.57 93.54 93.58

20-16 119-05 121-07

8.20 98.327 6.25

10 4%

4%

6'% 6'% 6.475 5.90

Yiek

7.272

7.328

Day change

-0.05

-0.03

-0.04

-0.03

Singer fell \$1% to \$57% as the group EUROPE forecast a \$4m loss for the second quarter due to write-offs.

Sherwin-Williams, the large US paint-maker, slipped \$% to \$25% oo secondquarter figures and in reaction to last week's announcement that it hoped to sell its drug stores subsidiary.

Loral, the defence contractor, moved against the treod with its \$1% gain to \$46 despite losing out to Lockbeed in the race to buy Sanders Associates. Lock-heed was steady at \$51% and Sanders dipped \$% to \$61%

Zenith Laboratories the pharmaceuticals group, lost \$1% to \$13 following weekend press comment, while Abbott Laboratories dipped \$1 to \$50 in moderate turnover.

Entertainmeot group Wait Disney slipped \$1% to \$48% despite recent broker recommendations.

On the American Stock Exchange, Wickes was unchanged at \$5% in beavy turnover, while Wang Laboratories edged \$% higher to \$13%. Profit-takers trimmed some of Harley Davidson's gains of last week with a \$1 drop to \$12%. Restaurant group Horn & Hardart lost \$% to \$12%.

In the bond market, prices opened lower with many operators keeping a watchful eye on the dollar's exchange rate. The Treasury's key long bond, the 7% of 2018, reversed early lossea to trade % higher at 101%, yielding 7.14 per cent. The 7% of 1996 rose '% to 100 % to yield 7.24 per cent.

Federal funds opened at 6% and remained pegged at this level for most of the session. The Federal Reserve also announced three-day system repurchases.

Rates on Treasury bills were mixed with the three-month issue up four basis points to 5.79 per cent and the six-month issue up one basis point to 5.82 per cect. The 12-month bill was unchanged at 5.83 per cent.

Thin trading among municipals left most prices at or near their closing Friday level.

#### LONDON

WORRIES about sterling dominated London yesterday. A further setback for the pound against other major curriencies and a fresh slide in spot crude prices sent gilts and blue-chip industrials into retreat. The FT Ordinary index closed 27.4

down at 1,309.9, while the more broadlybased FT-SE share index dipped 29.1 to 1.597.3

The first day of the new account in the equity sectors saw buyers going to ground amid the uncertainty and leading issues moved progressively lower on occasional nervous offerings.

Despite the surrounding gloom there were still some good rises, mainly on takeover speculation, while weekend press comment also resulted in several

good gains. Chief price changes, Page 43; De-

# A new sense of direction is awaited

A LACKLUSTRE performance was turned in by many of the European bourses yesterday with investors apparently becalmed and awaiting a new sense of direction from Wall Street.

Frankfurt was mixed in light trade. Some demand emerged for export stocks in response to a firmer dollar but this was balanced by profit-taking in re-sponse to last week's strong advance. The Commerzbank index fell 8.8 to 1.875.8

Motor and chemicals issues benefited from the stronger US currency. Daimler Benz advanced DM 13 to DM 1,335, while BMW put on DM 4 to DM 576 and Volkswagen was DM 2.80 higher at DM 488.80.

In the chemicals sector, Hoechst edged DM 1 ahead to DM 259.50 and Bayer 80 pfg to DM 286.30.

BASF put on 70 pfg to DM 258.90. It plans to sell its Frankfurt based printing ink subsidiary, Hartmann Druckfarben, to Japan'a Dainippon Ink and Chemi-cals, in return for West German cartel office approval for its purchase of In-

mont Corporation in the US. Profit-taking took the banks lower. Dresdner shed DM 4 to DM 408.70, Com-merzbank DM 3.50 to DM 299 and Deutsche 50 pfg to DM 759.50. Among mixed store shares, Kaufhof firmed DM 4 to DM 459 but Karstadt was DM 3 lower at DM 369.

Bond prices slipped back after a very quiet session. Foreign investors re-mained virtually absent from a market where dealers have decided that last week's half point cut in the US discount rate was disappointing and ineffective. The Bundesbank bought DM 7.1m of domestic paper to balance the market

after sales totalling DM 20.3m last Fri-

Other internationals were mostly lower. Akzo shed Fl 2.30 to Fl 165.30 and Royal Dutch Fl 2.20 to Fl 50.50, while KLM was 60 cents easier at FI 46.30. Most insurers were easier but Pub-lisher VNU moved against the trend with a FI 3 rise to FI 340.

Bond prices were bittle changed in very quiet trade.

Investors in Brussels were left on the sidelines by a newspaper report quoting Mr Philippe Maystadt, the economic af-fairs minister, who said that Government plans to save BFr 30bn from its 1987 budget through a renegotiation of its internal debt must involve real sacrifice by Belgian banks and other institutional lenders.

Utilities - always sensitive to political trends - turned lower with Intercom down BFr 100 at BFr 3,810.

Among holding companies, Groupe Bruxelles Lambert fell BFr 5 to BFr 3,185 in beavy volume. The activity was attributed to the company's issue of bonds with warrants carrying a higher yield than the dividend on GBL stock.

A cautious approach was made in Zurich. Volume was very low with the only notable activity in the banking sector. Bank Leu put on SFr 25 to SFr 2,750

and Dow Banking SFr 40 to SFr 1,580. In pre-bourse dealings, the newly launched Merck stock rose SFr 40 from

its issue price to SFr 640. Stockholm and Oslo both managed to end marginally firmer, despite a marked absence of investor enthusiasm.

Milan was sharply down amid book-squaring at the end of the bourse month and Madrid was easier in quiet trade. Paris markets were closed for a public holiday.

#### HONG KONG

LATE BARGAIN hunting sent prices sharply higher in moderately active Hong Kong trading and the Hang Seng index closed up 18.24 at 1,739.93. Rumours that Hongkong Land

planned a corporate announcement also pushed prices higher. The statement that the company is considering trans-ferring its food and trading division to shareholders came after the market bad closed. The shares ended 20 cents higher at HK\$5.9.

Brokers said selling by overseas insti-tutions took prices lower early in the session but local investors moved in later, buying mainly properties and utilities.

China Gas rose 60 cents to HK\$15.9, China Light added 10 cents at HK\$14.9, while Hang Seng Bank shed 25 cents to

## TOKYO **Rate hopes** spur trip to peaks

FRESH RECORDS were set in beavy Tokyo trading amid expectations of a further easing in Japan's monetary poli-cy after the US discount rate cut late last week, writes Shigeo Nishiwaki of

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Jiji Press. The Nikkei stock average advanced 149.79 to 17,820.56, eclipsing the previous high of 17,734.15 registered on July 8. Volume shrank from Friday's 1.42bn ahares, but was still large at 1.18bn shares. Gains outpaced losses by 551 to 311, with 124 issues unchanged

Many institutional investors traded in low-priced, large-capital issues in large lots of 10m shares in anticipation of a fourth cut this year in Japan's official discount rate.

Nippon Steel remained top of the ac-tive list for the third straight session with 158.37m sbares, adding Y4 to Y197. Next was Kawasaki Steel, which rose Y5 to Y209 on trading of 153.59m shares. Nippon Kokan, third on 88.73m shares, finished Y2 higher at Y228, while Ishikawajima-Harima Heavy Industries gained Y4 to Y356.

Toshiba advanced Y17 to Y459, on a report that the company would link with IBM Japan, to sell computers.

Investors also sought real estate, nonlife insurance and railway stocks, whose prices have fallen from the highs scored in March. Mitsubishi Estate was the busiest among them, spurting Y50 to a record Y2,300.

Tokio Marine and Fire Insurance advanced Y70 to YI,430 and Taisho Marine and Fire Insurance Y58 to Y874. Tobu Railway gained Y60 to Y650, Keisei Electric Railway Y35 to Y580 and Keio Teito Electric Railway Y34 to Y669.

Bond prices declined in slow trading, mirroring the weakness of US bond prices in the wake of the discount rate reduction. Profit taking by brokerages and bank dealers hit the 8.2 per ceot government bond due in July 1995, pusb-ing its yield up to 4.785 per cent from Friday's 4.780 per cent. Buying shifted to issues with similar

maturities to the benchmark issue. The 6.8 per cent government bond maturing in December 1994 yielded 5.280 per cent.

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Amsterdam was also mixed as the new, centre-right coalition cabinet agreed on a strict timetable for cutting the state financing deficit. Philips advanced 20 cents to FI 51.50, with the 22 per cent second-quarter de-cline in the operating profit of its North American operations proving not as bad as some investors had feared. HK\$33.75. This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange,

It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities. The securities referred to below have not been registered under the United States Securities Act

KEY MARKET MONITORS 260 Standard & Poors 500 240 Composite 220 200 FT-Ordin 160 1400 1350 1300 100 1936 1981 1982 1983 1984 1985 1966 STOCK MARKET INDICES CURRENCIES NEW YORK STERLING July 14 Previous Year ago US DOLLAR DJ Industrials 1,797.66\* 1,821.43 1,338.60 DJ Transport 740.75\* 751.38 687.97 (London July 10 Previous July 10 Previous 1.4815 S. DM 1.5050 204.00 168.91 2.1880 **DJ** Utilities 203.88\* 21795 3.2925 242.75 S&P Composite 238.57\* 242.22 193.29 Yes 160.25 161.35 237.50 FFr SFr Guild 10.3850 10.5675 2.6350 2.6900 3.6400 3.6925 7.0100 7.0225 LONDON 1.7790 2.4570 1.7880 2.4540 1,309.9 1,337.3 1,597.3 1,626.4 937.2 FT Ord FT-SE 100 1,230.6 Lina 1,495 44.90 1,498 2,216.0 2,254.5 FT-A All-share 794.28 805.36 599.08 BFr CS 66.50 2.0416 44.85 67.50

FT Gold mines	196.4	198.1	399.6	CS 1.3765 1.3775 2.0416 2.
FT-A Long gitt	6.61	9.45	9.45	INTEREST RATES
TOKYO				Euro-correncies July 14
Nikkei	17.820.56	17.670.77	12.839.5	(3-month offered rate]
Tokyo SE	1,385.90	1,375.15	1,048.36	£ 10% 1
AUSTRALIA				Din 4%
All Ord.	1,137.1	1,139.9	908.6	FT London Interbenk Sking
Metals & Mins.	503.4	504.2	515.5	(offered rate)
AUSTRIA				3-month US\$ 61% 6
Credit Aktien	n/a	259,44	98.40	6-month US\$ 6'% 6 U\$ Fed Punds 7% 6
BELGIUN	-			US3-month CDe 6.30 6
Belgian SE	3,722.46	3,727.74	2,337.61	<b>US3-month T-bills</b> 5.765 5
CANADA		_		US BONDS
CANADA				Treesury
Toronto				July 10 Pres
Melais & Minis Composite	1,989.7° 3,011.0°	2.006.04 3.024.0	1,880	Price Yield Price
Montreal		0102110		7% 1988 100% 6.549 100%
Portfolio	1,510.59*	1.515.64	134.66	7% 1993 100% 7.174 99% 1
DENHARK				7% 1996 100% 7.256 100% 7% 2016 101% 7,16 101
SE	208.13	210.01	209.30	
FRANCE				Source: Harris Trust Savings Bank
CAC Gen	closed	374.10	219.8	Treesury Index
Ind. Tendance	closed	143.3	81.2	July 14*
WEST GERMAN	Y			Maturity Platurn Day's Yield (years) Index change d
FAZ-Aktien	622.90	625.03	475.49	1-30 153.94 +0.31 7.25
Commerzbank	1,875.80	1,884 60	1,397.7	1-10 146.24 +0.24 7.04
HONG KONG				1-3 137.36 +0.13 8.71
Hang Seng	1,739.93	1,721.69	1,615.78	3-5 148.41 +0.29 7.21
ITALY				15-30 181.63 +0.58 7.95 · Source: Merril Lynch
Banca Comm.	667.61	689.95	349.15	
NETHERLANDS				Corporate July 14 Prev
ANP-CBS Gen	294.3	294.4	217.6	AT & T
ANP-CBS Ind	293.3	293.7	184.5	3% July 1990 92% 6.09 92%
NORWAY				SCBT South Central
Oslo SE	355.41	345.39	325.79	10% Jan 1993 106% 9.57 106%
SINGAPORE				Phibro-Sai
Straits Times	739.40	732.01	725.27	8 April 1996 96,85 8.20 98.327 TRW
SOUTH AFRICA				8% March 1996 103% 6.30 102.6
JSE Golds	+	1,246.2	952.6	Arco
JSE Industrials	-	1.192.8	1,034.6	9% March 2016 105 6.27 104%
SPAIN				General Motors
Madnd SE	173.22	174.09	61.26	8% April 2016 92% 8.84 92%
SWEDEN				Citicorp 9% March 2016 97.78 9.60 97.78
J&P	2,500.59	2.498.01	1,324.74	
SWITZERLAND				Source: Selomon Brothers
Swiss Bank Ind	547.5	547.6	464.6	FINANCIAL FUTURES
WORLD	July 11	Ртач	Yearago	CHICAGO Latest High Low
MS Capital Int'l	-	324.6	220.6	US Tronsmy Bonds (CBT)
	420.0	QQ.4.0	220.0	8% 32nds of 100%
				Sept 100-07 100-11 98-31 9
	MMODI	168	_	US Treasury Dies (3000)
(London) Silves (const String)		July 14	Prev	\$1m points of 100% Sept n/a 94.54 94.45
Süver (spot fixing) Copper (cash)		339,15p 987,00	334.15p £893.00	Certificates of Deposit (1989)
Coffee (Septembe			1.673.50	\$1m points of 100%
Oil (Brent blend)		\$8.55	\$9.45	Sept 93.94 93.94 93.94 9
				LONDON
GOI	D (per ou	(DCa)		Three-month Eurodoller
		July 14	Prev	\$1m points of 100%
London			\$348.00	Sept 93.56 93.57 93.54 1 20-year Hotional Gitt
Zùrich		345.70	\$348.10	20-year notioner Gilt £50,000 32nds of 100%
Paris (fixing)			\$348.21	Sept 119-15 120-16 119-05 12
Luxembourg			\$347,80	
New York (Aug)	3	UH0.40*	\$347.80	Latest available figures
_		-	-	

tails, Page 42, Share information service, Page 40-41

#### SINGAPORE

SHORT COVERING and bargain hunting saw Singapore close generally higher in quiet activity with some late profittaking well absorbed. The Straits Times industrial index rose 7.39 to 739.40. In the absence of fresh factors, some interest in blue chips and quality stocks, together with purchases of selected trus-tee stocks by Central Provident Fund account bolders, belped prices to rise. Some dealers said that official estimates for the country's GDP, announced at the weekend, which put it at 4 per cent instead of the previous 1.6 to 2 per cent, also boosted the market. Sime Darby added 3 cents to S\$1.45,

while Singapore Airlines gained 5 cents to S\$7.35 and Malay Banking 5 cents to S\$3.72

#### SOUTH AFRICA

A WEAKER RAND combined with a relatively steady bullion price to give gold shares a slight boost in Johannesburg. Vaal Reefs ended R6 higher at R242 while Harmony, which announced high-er profits, put on R1 to R34.50 and Lorraine 60 cents to R13.85. Platinums, diamonds and mining fi-

nancials also firmed. Impala added R1.40 to R40, De Beers 55 cents to R30.75 and Amgold R7 to R249. Other minings were little changed and industrials mixed.

#### AUSTRALIA

PROFIT TAKING among quality indus-trial issues and a weaker BHP led Sydney to close easier where the All Ordinaries index ended 2.8 lower at 1,137.0. BHP, the market leader, lost 18 ceots. to A\$8.08 in the wake of lower-than-expected annual profits. Elders IXL gained 11 cents to A\$5.06 mainly on takeover speculation which was fuelled by the sale of 2m Elders IXL shares at A\$5.05 by Sydney-based brokers Ord Minnett. Industrial stocks were marginally easier. Amatil lost 10 cents to A\$7.40, while Adstream put on 20 cents to A\$11.50. In finance stocks, FAI lost 10 cents to A\$7.60 and NZI five to A\$1.50.

#### CANADA

MOST MAJOR share groups in Toronto joined a retreat prompted by losses on Wall Street.

Industrials dragged prices down while blue chips dominated actives. Canadian Pacific lost CS% to trade at CS16%, Northern Telecom dropped CS% to CS39% and International Thomsom slipped CS% to C\$11%. Against the trend Bank of Nova Scotia added CS% to CS16. Montreal was also lower.

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> Cazenove & Co., 12 Tokenhouse Yard, London, EC2R 7AN.

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July 15, 1986

